

Italy Moves Quickly to Try Ex-Nazi In Massacre

By Barry James
International Herald Tribune

Italy moved quickly Friday to prepare the trial of the former Nazi held responsible for the country's most dramatic wartime atrocity.

Argentina's Supreme Court agreed to extradite Erich Priebke, 82, who was the captain of a German unit that butchered 335 Italians in the so-called Ardeatine Caves massacre.

The Italian military prosecutor, Antonio Intelisano, said he would issue an indictment in a few days, paving the way for a trial before a military court.

But the Simon Wiesenthal Center objected to a military trial, saying that Mr. Priebke's action in selecting and shooting Jews made the massacre a crime against humanity, rather than a war crime. Mr. Priebke insists that he had acted under orders and that he would have been shot himself had he not obeyed.

Although the 1944 massacre was not the biggest slaughter on Italian soil in World War II, it stands as a symbol of Nazi crimes, and the place where the killing took place, just outside Rome, has become a national shrine.

For many Italians, the impending return of Mr. Priebke is as important as the return of Klaus Barbie was for the French, even if his alleged crime is not on the same scale as the atrocities for which the former Lyon Gestapo chief was convicted.

Tullia Zevi, president of the Italian Jewish communities, said the extradition was positive both for Argentina and Italy.

But Shimon Samuels, the Wiesenthal Center's European director, said it would be tragic if Mr. Priebke were tried merely as a war criminal.

"We want this to be a history lesson," Mr. Samuels said in pleading for Mr. Priebke to be tried for a crime against humanity. He said Italy was facing a "fascist temptation" and had

See NAZI, Page 4



Yukio Yoshimura of Japan's Finance Ministry, right, at the announcement Friday of U.S. sanctions against Daiwa.

Tokyo Lands Hard On Troubled Daiwa

Forced Restructuring Is a First For Japan's Bank Regulators

TOKYO — Daiwa Bank, hit by U.S. criminal charges and harsh Japanese sanctions over its huge bond loss scandal, said Friday that it would pull back overseas and might be forced to merge with Sumitomo Bank.

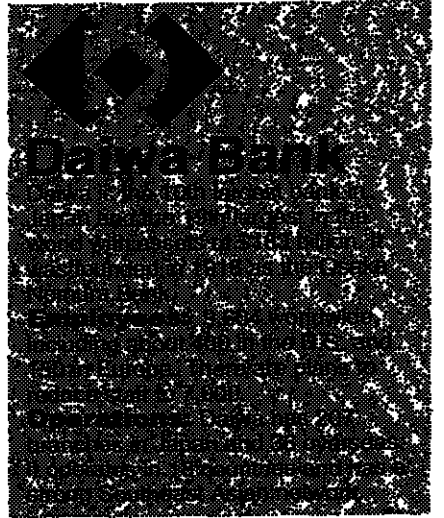
Japan's Finance Ministry, reacting to the harsher-than-expected U.S. move, ordered Daiwa on Friday to restructure its overseas operations, slim down its securities business abroad, trim its international lending and reduce the balance of its global securities holdings. It also ordered Daiwa not to open any more overseas branches.

It was the first time the ministry, which has come under fire itself for its handling of the Daiwa case, had ever taken such measures against a bank.

The ministry said Daiwa had violated Japan's banking, trust business and foreign exchange laws. It ordered Daiwa to file fresh reports outlining how it would reform its management.

Some analysts said Daiwa's future as anything more than a regional bank was in doubt unless such a merger went ahead.

Japanese authorities, whose own credibility has been damaged by the scandal,



Source: AP, Daiwa Bank

House Republicans Fight Bosnia Mission

By Neil A. Lewis
New York Times Service

WASHINGTON — House Republicans, spurred on by their aggressive freshman class, are planning stronger measures to try to block President Bill Clinton from sending U.S. troops to enforce a peace agreement in the Balkans.

House members are trying to provoke a constitutional confrontation by introducing legislation to cut off funds for any U.S. peacekeeping mission, said Representative Mark W. Neumann, Republican of Wisconsin. Republican legislators said they believed that such a bill had a good chance of passing in the House, although its chances in the Senate were considered less certain.

With Balkan peace talks in the United States into their third day Friday, Mr. Neumann, one of the freshmen eager to demonstrate unwillingness to compromise with the White House, said:

"What's being talked about is putting U.S. troops under foreign command alongside Russian soldiers as neutral peacekeepers in one country we just bombed the daylights out of. I wouldn't want my own kids to do that, and I don't think any other American would."

War crimes panel wants the surrender of suspects linked to a peace deal. Page 3.

Representative Robert Livingston, the Louisiana Republican who is chairman of the Appropriations Committee, predicted that the House could consider such legislation within the next 10 days.

He urged that Mr. Clinton "come up here to Congress and make his case."

Mr. Livingston said that if the president did not begin to persuade congressmen to support his plan, he faced a real threat because "the intensity of feeling on this issue has grown strongly in the last few days."

Although the campaign is being fueled by the ardor of many of the House's 73 first-term Republicans, Mr. Livingston said he, too, remained unconvinced that it was wise to send Americans to Bosnia.

"I don't think there's any strong national interest at stake here, and we shouldn't be exposing our young folks to unnecessary danger," he said.

Michael McCurry, the White House spokesman, said Thursday that congressional efforts to restrict the use of U.S. forces could harm the peace talks being conducted at Wright-Patterson Air Force Base in Ohio.

vowed meanwhile to do everything possible to keep the case from undermining confidence in the nation's banking system and from unsettling markets.

"We will take every measure to prevent this from damaging confidence in Japan's financial system and keep financial worries from spreading," Finance Minister Masayoshi Takemura said in a television interview.

The Daiwa scandal, which came to light in September, ignited existing global worries about Japan's financial system, already staggering under heaps of bad loans inherited from the bursting of the 1980s economic "bubble" of sky-high asset prices.

On Thursday, the U.S. government announced a 24-count criminal indictment against Daiwa, in a move that could lead to fines of more than \$1 billion, and ordered the bank — Japan's 10th largest — to shut its doors in the United States.

U.S. federal and state banking regulators had ordered Daiwa to shut down in the United States by Feb. 2, saying the bank had engaged in unsafe and unsound banking practices.

The moves follow the bank's admission in September that a lone trader at its New York branch had racked up more than \$1.1 billion in losses over 11 years from trading U.S. Treasury securities.

The U.S. indictment said senior Daiwa managers "directed that those losses be concealed" from U.S. regulators and deceived bank examiners about its trading.

In New York, Daiwa called the indictment "regrettable and unfortunate" and said it planned to fight the criminal charges.

Daiwa's president, Takahashi Kaiho, said at a news conference in Osaka that the bank would overhaul its global business, closing down seven representative offices, possibly shutting its branches in Seoul and Taiwan and scaling back in London.

"A rethinking of our international business is what we are putting most of our

U.S. seeks to send a clear message to financial institutions. Daiwa dispute reflects a cultural gap. Page 5.

Bankers Agree: A Clever Fraud Is Getting Hard To Ferret Out

By Alan Friedman
International Herald Tribune

PARIS — After the body of Roberto Calvi was found hanging beneath London's Blackfriars Bridge in June 1982, and depositors lost more than \$1 billion in the Banco Ambrosiano affair, the world's top bank regulators got together and agreed on new rules to protect against bank failures.

A decade later, when the BCCI scandal erupted and depositors were cheated out of more than \$5 billion by a bank whose favorite clients included Saddam Hussein

NEWS ANALYSIS

and the cocaine cartels of Colombia, the regulatory authorities huddled once more.

Emerging from their meeting in Basel, in the spring of 1992, the central bankers came up with yet more guidelines to tighten oversight and supervision.

Now, with the stunning decision by federal regulators to shut down Daiwa Bank operations in the United States amid allegations that the Japanese bank joined in a criminal cover-up of more than \$1 billion of bond losses, the call is being sounded once more for better banking controls.

The chorus of complaints, belies, however, a blunt reality that few politicians or regulators relish admitting to either the general public or to financial markets: There simply is no foolproof way to regulate against fraud.

Even the banks themselves find it exceedingly hard to stop a rogue operation, and with it the risk of an extended cover-up. As a result, despite repeated calls from regulators for banks to improve their internal controls and pledges from international financial institutions to do exactly that, most of the authorities are ultimately powerless.

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See FRAUD, Page 4

AGENDA

IRA's Adams May Seek U.S. Counsel

DUBLIN (NYT) — Talks in Northern Ireland between British officials and political representatives of the Irish Republican Army broke off inconclusively Friday, and Gerry Adams, the president of Sinn Féin, the IRA's political wing, said that he would make an urgent trip to the White House to confer with top officials before President Bill Clinton starts his trip to Britain and Ireland at the end of this month.

Mr. Adams, in an interview in his Dublin office, condemned the breaking-off of the negotiations in Belfast: "One can only conclude that the British government are not interested in negotiations at this time." He suggested that London did not want to agree to a new stage in the peace effort before Mr. Clinton's visit.

Pentagon Plane Deal

WASHINGTON (Reuters) — The U.S. Defense Department said Friday that it will buy 80 more McDonnell Douglas C-17 transport planes for about \$18 billion.

"Our decision is to plan, program and budget for procurement of 120 C-17s," Deputy Defense Secretary John White said.



ORPHANS OF THE STORM — Three fishermen watching from a Manila seawall as their boat sinks under a typhoon's hammering on Friday. Page 7.

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When Priests Take on the Mafia

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The Advice Clinton Takes

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3 Scenarios for a Cool Million

ASIA Page 7
Seoul to Pay More for U.S. Force

Herald INTERNATIONAL Tribune SPORTS

With Monday's editions, the International Herald Tribune expands its coverage of sports.

Every Monday, the back page of the newspaper will be given over to sports, and the section enlarged so as to bring readers the fullest account of a weekend of competition around the world.

This Monday, the canvas includes the NBA's opening games of the season, the highlights of European soccer, Ian Thomson at the Palais Bercy in Paris for the finals of the Paris Open tennis tournament, and Samuel Abt on the road in Beijing for the finish of the Tour of China, Asia's most ambitious cycling race.

There's also U.S. college football, the NFL (with late Sunday scores in late European editions), the NHL, a complete Monday statistical round-up of matches and league standings, and a diary previewing the week ahead.

A new look in the way sports is presented accompanies the increased contents.

William Safire's weekly article on language will appear inside the newspaper on Mondays while the world's weather maps, forecasts and temperatures move on Mondays to Page Two to make room for the added sports coverage.

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New York	1.4167	1.423	
DM	1.58	1.579	
Yen	103.885	104.025	
FF	4.8952	4.9075	

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Hard Right Delivers Its Punch, but Will Powell Buckle?

By Paul Taylor
and Dan Balz
Washington Post Service

WASHINGTON — A dozen leading figures in conservative Republican circles have joined forces to deliver a blunt message to Colin L. Powell: not in our backyard.

The preemptive strike, aimed at heading off a possible candidacy by the retired general for the Republican presidential nomination, came at a sharp-elbowed news conference in which the leaders took turns denouncing and threatening General Powell, then dismissing him as a media celebrity, a Washington insider and a closet liberal

with no sustainable electoral appeal in a primary fight.

But they went on to warn that if by some fluke he were to become the Republican nominee, he would precipitate a "mass exodus" of conservatives from the party.

The attack drew no immediate response from General Powell.

One leading conservative who favors a Powell candidacy, William Kristol, said: "I don't think this display of chest-thumping childishness by poorly educated conservatives standing at a podium at the Press Club is going to intimidate General Powell a whole lot. They want to scare him out because they're scared of him."

The assault was led by Paul Weyrich,

head of the Free Congress Foundation; Gary L. Bauer, head of the Family Research Council; David Keene, president of the American Conservative Union, and Grover G. Norquist, president of Americans for Tax Reform.

Their broadsides were unusually vituperative — the more so given General Powell's wide popularity. They moved beyond the familiar conservative critique of General Powell's positions on abortion, affirmative action and gun control, and went after what has been the bipartisan heart of his appeal: his character and his military background.

While the conservatives took pains Thursday to deny they were trying to keep

Filipino Servants' Futile Search for 'Modest Dreams'

By Keith B. Richburg
Washington Post Service

HONG KONG — They are an indispensable but largely invisible component of East Asia's economic miracle. You see them mostly on Sundays, the standard day off for the 130,000 Philippine maids in Hong Kong.

They emerge en masse from luxury high-rise apartment buildings, go to church, jam shopping malls, gather in public parks. They take over major downtown streets where traffic is excluded on Sundays, just for them.

They eat Filipino food, read Filipino newspapers and listen to Filipino music. They greet friends and catch up on gossip.

They are driven from their own country by endemic poverty. They are motivated by the chance to earn enough abroad to build houses, start businesses and educate their children at home.

They go to Hong Kong, Singapore, Japan, Taiwan, Saudi Arabia, Malaysia and Brunei — indeed, across Europe, the Middle East and, to a lesser extent, North America — to take care of the children, cook the meals, shop for groceries, clean the floors and to do all the other domestic chores that their employers are either too busy or too well-off to do themselves.

These domestics are at the forefront of a global Philippine diaspora, an army of more than 4 million migrant workers that includes not only the contract maids but also construction workers, merchant seamen,

entertainers and the nurses who staff many American big-city hospitals.

They are gradually, unmistakably turning the Philippines into what sociologist Randolph S. David calls "a nation of gypsies."

Critics of the mass exodus, encouraged and regulated by the government, call the migration a symbol of the country's economic despair and a badge of national shame.

Although there are few reliable studies, the mass migration from the Philippines is accused of rupturing the social fabric by breaking down traditions of kinship and community.

See MAIDS, Page 4

Sparks Fly Over a Clinton Adviser - and His Advice

By Ann Devroy
Washington Post Service

WASHINGTON — President Bill Clinton tells a conservative author that he regrets not having proposed a more stringent welfare reform bill and moved too far to the left during his first two years in office. In a series of speeches he says congressional Democrats forced him to raise taxes more than he wanted.

The theme: Mr. Clinton's desire to portray himself and his agenda as consistently more conservative than the way he originally governed.

The source: his oldest and most controversial adviser, the consultant Dick Morris, who is believed to be the theme's principal inspiration if not its author.

Angry Democrats have sought to discredit Mr. Morris and, by extension, Mr. Clinton as well. They have put the White House in the uncomfortable position of defending a consultant who himself has been widely accused of criticizing Mr. Clinton.

Critics also have pointed out that Mr. Morris in the past has advised clients to use tactics, such as racial divisiveness, that are widely at odds

with Mr. Clinton's own stated views.

Mr. Clinton has aired again his thesis that various forces made him govern in ways he did not want during his first two years in the White House. This time the president's claim was disclosed by the author Ben Wattenberg, who described an hour-long conversation he had with Mr. Clinton.

In Mr. Wattenberg's account of the conversation, Mr. Clinton agreed that his own welfare and educational programs during his first two years in office were too weak or watered down and that he had wandered too far to the left in a misplaced zeal for legislative accomplishments.

He was now, he told Mr. Wattenberg, a born-again centrist.

But an awkward episode emerged

this week concerning Mr. Morris's work in the 1990 re-election campaign of Senator Jesse Helms, Republican of North Carolina.

Mr. Morris was paid about \$64,000 for consulting work in the campaign, and he later told other Republican clients he was instrumental in developing an infamous "white hands" ad in which Harvey Gantt, Mr. Helms's black Democratic opponent, was accused of supporting quotas for racial minorities.

The White House chief of staff, Leon E. Panetta, said that Mr. Morris had a relationship with Mr. Clinton in which "they work together on the basis that Dick presents ideas to him and he considers those ideas and some he accepts and a lot he rejects."

Republican consultants say Mr. Morris pledged to them in a December 1994 memo that he would not work for Mr. Clinton again. Many of those former colleagues — all of whom have good reasons to seek to discredit their rival — question Mr. Morris's veracity, while recounting conversations in which they say he repeatedly attacked Mr. Clinton's character.

"I have been with him," Alex Castellanos, a Republican consultant, said of Mr. Morris, "when he pitched other clients and one of his pitches is: 'I know how Bill Clinton thinks.'"

"This guy is Bill Clinton," he said. "They have done the Vulcan mind-meld. They both are bright, they have no star to guide them and they believe in one thing: winning."

POLITICAL NOTES

Helms Relents on Palestinian Aid

WASHINGTON — The Senate has approved by voice vote a 30-day extension of the U.S. program of aid to the Palestinians after the chairman of the Foreign Relations Committee, Jesse Helms, dropped his insistence on linking it to an unrelated measure reorganizing the government's foreign policy agencies.

But the vote came too late to avoid an interruption in the aid program, which was terminated Tuesday when the North Carolina Republican blocked the extension as part of his long-running feud with the White House over the reorganization measure. The House adjourned for the weekend before it could take up the aid extension bill.

U.S. law prohibits aid to or diplomatic dealings with organizations controlled by the Palestine Liberation Organization. After the PLO signed its peace agreement with Israel, Congress authorized temporary waivers of that law to permit about \$100 million a year in aid to the new Palestinian self-governing authority and to allow the PLO to open an office in Washington.

The last of those waivers expired Tuesday night, forcing a termination of the aid program.

The State Department said that the PLO was required to close its office immediately.

But PLO representatives will not be expelled from the United States and will be permitted to reopen the office if the House follows the Senate's lead. (WP)

A New Threat Over the Debt Limit

WASHINGTON — Congressional Republicans hope to send legislation to President Bill Clinton next week that would temporarily quell a crisis over federal borrowing and spending.

But in an attempt to satisfy conservatives, their leaders are threatening to attach Republican-backed amendments, including one to abolish the Commerce Department, that could prompt Mr. Clinton to veto the measures that would raise the limit on federal borrowing.

"He wouldn't veto something that 90 percent of the American people want," said Representative Nick Smith, Republican of Michigan. (AP)

Vote Backs Pollution Enforcement

WASHINGTON — The House of Representatives, seeking a more moderate path on environmental issues, has voted by a solid margin against Republican leaders' proposals to restrict how the Environmental Protection Agency enforces pollution laws.

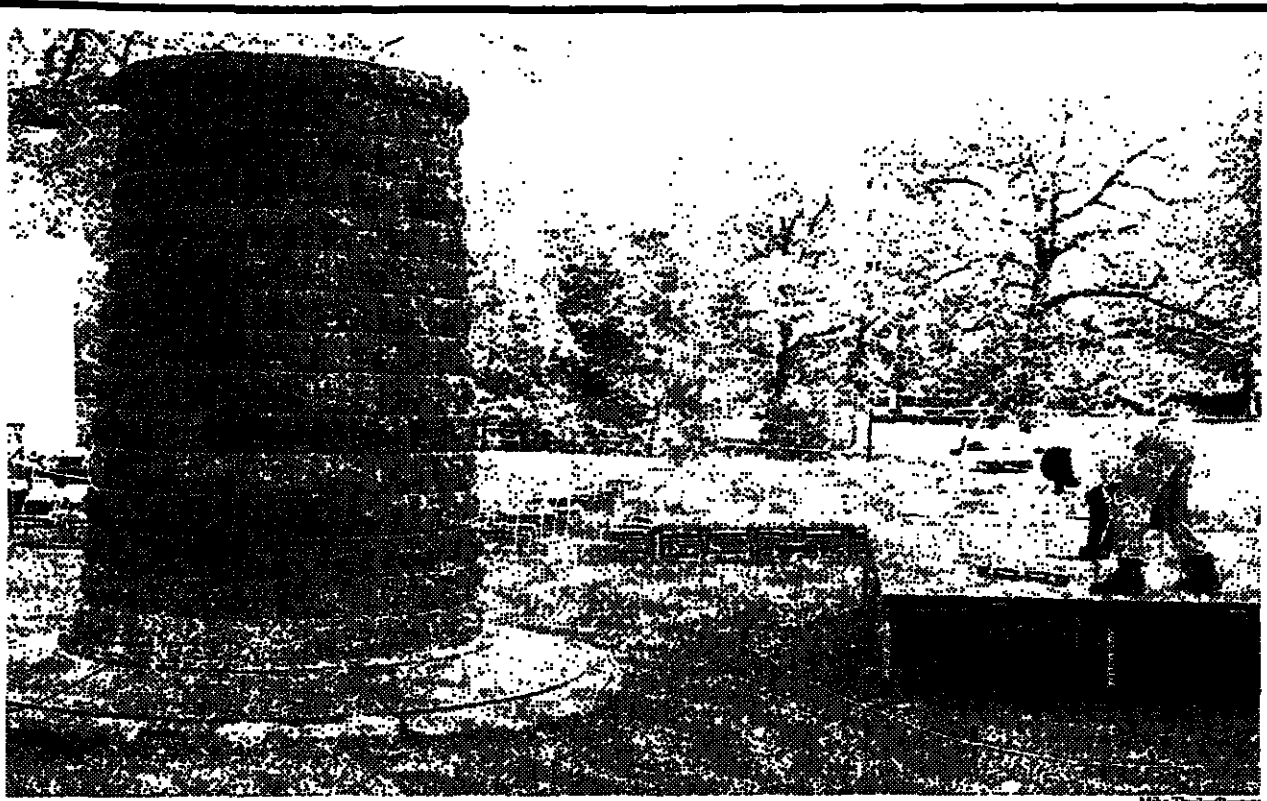
The vote was the clearest signal to date of a growing reluctance in Congress to radically alter environmental laws. This time, 63 Republicans joined most Democrats in voting 227 to 194 against the contested provisions.

It was the third time this year that the House voted on 17 restrictions attached to the agency's spending bill. This summer it voted to remove them, and later voted to restore them.

While a conference committee still must reconcile the House spending bill with the Senate version, the vote strengthened the hand of the Clinton administration in the environmental debate. (NYT)

Quote / Unquote

Hillary Rodham Clinton, speaking at a rally in New York City against Republican cost-cutting in the Medicare and Medicaid health-insurance programs: "We know the budgets the Republicans have passed are dead on arrival when they arrive in the Oval Office. We know the president will veto those budgets. But after the budgets are vetoed, the hard work will begin." (NYT)



REMEMBERING PAN AM 103: A worker finishing the platform where President Bill Clinton will dedicate a memorial at Arlington National Cemetery on Saturday to Americans who died in the 1988 bombing over Scotland.

Away From Politics

• The number of Americans with diabetes is up almost 50 percent from 1983, to 16 million, part of a tripling in diabetes rates since 1958, federal statistics show. Much of the trend is due to the population getting older and fatter, said Dr. Richard Eastman of the National Institute of Diabetes and Digestive and Kidney Diseases in Bethesda, Maryland. About half of the people with diabetes don't know they have the disease, he said. (AP)

• Federal transportation officials are appealing to manufacturers, health, med-

ical and educational groups to help warn parents that automobile air bags can be deadly to infants and toddlers. (AP)

• A former newspaper reporter received the maximum jail sentence of four years in Knoxville, Tennessee, for trying to kill the husband of his lover with a butcher knife. (AP)

• The number of Americans on welfare is shrinking steadily. Low-income Americans began giving up their food stamps and leaving the rolls of Aid to Families With Dependent Children in the summer of 1994, after years of rapid growth in the programs, according to official figures. In August, 25.9 individ-

uals were receiving food stamps, down 8 percent from the program's high point in March 1994, and 13.2 million children were receiving aid under the dependent children program, also down 8 percent from March 1994. (AP)

• A woman who claimed she had been bound, gagged and slashed in what appeared to be a hate crime inside her family's burning restaurant in Fargo, North Dakota, was arrested on suspicion of setting the fire. Zhaleh Sarabakhsh, 38, had a swastika-like symbol carved into her abdomen in the alleged attack. Her family, owners of the Kabob House restaurant, had reported harassment for about a month before the fire. (AP)

Bosnian Serbs Are Holding Reporter

Reuters

BELGRADE — The Bosnian Serb authorities said Friday that they were holding an American journalist who has been missing for nearly a week.

"David Rohde of the Christian Science Monitor was detained in Zvornik for illegal border crossing and staying on the territory of the Republic of Srpska and for falsifying documents," the Bosnian Serb news agency SRNA reported. Srpska is the name of the self-styled Bosnian-Serbian republic.

The news agency report said the Bosnian Serb authorities had submitted charges against Mr. Rohde "to the competent court." It gave no further details.

Zvornik is about 130 kilo-

meters (80 miles) northeast of Sarajevo, near Bosnia's border with Serbia.

Earlier Friday, United Nations negotiators failed to obtain information about Mr. Rohde's whereabouts and status after holding talks with Bosnian Serb officials.

Mr. Rohde, 28, has not been seen since heading into Bosnian Serb territory Oct. 29, apparently to follow up stories he had written earlier about alleged Serbian atrocities committed when the city of Srebrenica was overrun.

U.S. officials have asked the presidents of Serbia and Bosnia about him at peace talks in Dayton, Ohio.

The State Department on Friday urged the Bosnian Serbs to "search every corner" of their territory for the missing re-

porter, adding it was dissatisfied with the cooperation shown by the Serbs so far.

"We have received indications from the Bosnian Serb leadership that they are holding David," said Chris Gunness, a UN spokesman in Zagreb.

"The implication is that he is alive, and we hope unharmed," Mr. Gunness said.

"Having finally admitted that they are holding him, we hope the Bosnian Serbs realize that they are responsible for his well-being."

Clayton Jones, the foreign editor of The Monitor, said he had been told that both Secretary of State Warren M. Christopher and Assistant Secretary of State Richard C. Holbrooke had expressed concern to President Slobodan Milosevic of Serbia.



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Tribunal Wants Say in Bosnia Deal

War Crimes Panel Links Surrender of Suspects to Peace

By Stephen Engelberg
New York Times Service

WASHINGTON — The international tribunal on war crimes in Bosnia has formally asked the United States to make the surrender of indicted suspects a condition for any peace accord, according to a tribunal official. It also plans to indict 30 more people by the end of the year.

The commission is investigating whether Slobodan Milosevic, the president of Serbia, or any other Serbian officials are implicated in war crimes, the official said.

While the panel's actions and its request about the surrender of suspected war criminals have no direct effects on the peace talks that began on Tuesday in Dayton, Ohio, they could complicate the negotiators' already difficult task.

Two of the central figures in the Balkan crisis, General Ratko Mladic, the Bosnian Serb military commander, and Radovan Karadzic, the Bosnian Serb political leader, already face war crimes indictments. It seemed unlikely that the Bosnian Serbs would accept any accord under which the two would have to be turned over to prosecutors.

As president of Serbia, the dominant partner in that remains of federal Yugoslavia, Mr. Milosevic is regarded by American officials as an instrumental figure in the peace talks among Balkan leaders at Wright-Patterson Air Force Base in Ohio. "We cannot deny that he is a suspect," the tribunal official said, referring to Mr. Milosevic. "He is a suspect. So are many others."

Lawrence S. Eagleburger, the secretary of state in the waning days of the Bush administration, asserted nearly three years ago that Mr. Milosevic and several other high-ranking Serbian and Croatian officials were possibly war

criminals. He cited their "political or command responsibility" in connection with the Bosnian Serbs' early "ethnic cleansing" campaigns against Bosnian Muslims.

No charges have been brought against Mr. Milosevic, but the United Nations tribunal has indicted 43 Bosnian Serb and Croatian officials for war crimes.

The July 24 indictment of General Mladic and Mr. Karadzic focused on their leadership role in the "ethnic cleansing" and reported massacres and organized rapes that marked the first months of the Bosnian war.

Senior Clinton administration officials have publicly and emphatically insisted in recent days that there will be no amnesty for those charged with war crimes in Bosnia.

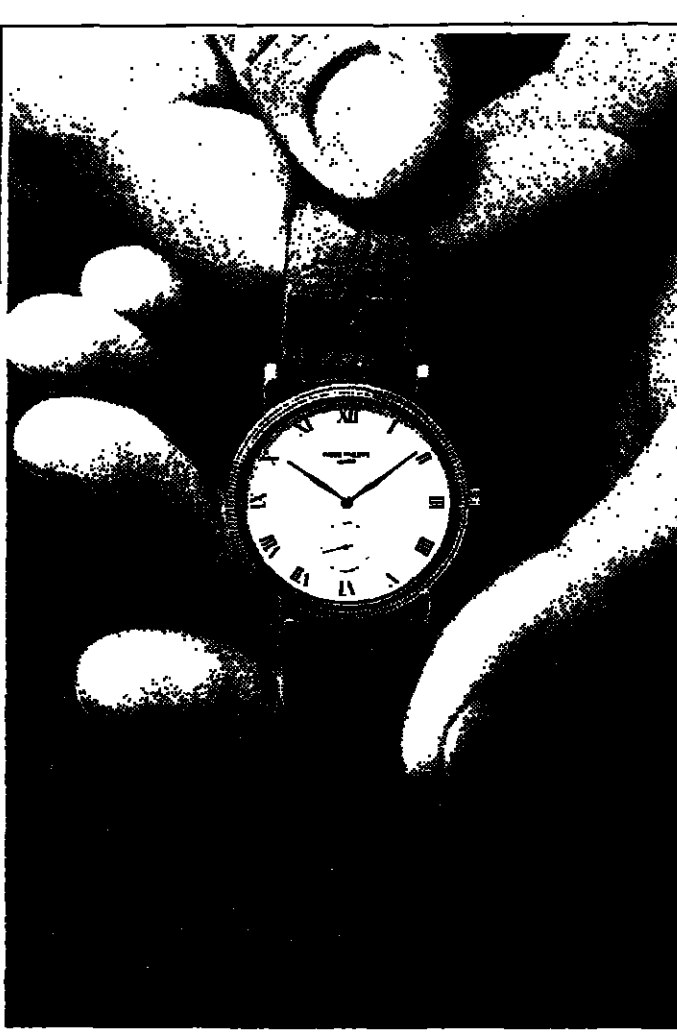
Indicted war criminals, the White House officials say, will not be allowed to run for office in any postwar election the United States supervises. Any country that harbors war criminals, they say, will not be allowed to take part in international organizations like the World Bank, the International Monetary Fund, or the United Nations. At best, General Mladic and Mr. Karadzic can hope to be exiles in their homeland.

But American officials say privately that the Dayton talks may not go as far in guaranteeing the arrest of indicted war crimes suspects as the tribunal has asked.

Administration officials say they have drafted proposals for all sides to cooperate with the war crimes inquiries. But the refusal of one to do so, an official said, would not be a "show stopper."

"We're going to do as much as is realistic," an official said. "We're not going to take on a mission that may be unachievable and make it hostage to the larger peace settlement."

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Yeltsin Looks Pale In a Brief TV Meeting

By David Hoffman
Washington Post Service

MOSCOW — President Boris N. Yeltsin appeared puffy and slurred his words Friday during a brief hospital meeting with Prime Minister Viktor S. Chernomyrdin that was broadcast on Russian television.

In another sign that Mr. Yeltsin may need a long convalescence, Mr. Chernomyrdin said that the "power" ministers who normally report directly to the president would be reporting partially to him.

Mr. Yeltsin, taken to the Central Clinic Hospital here eight days ago suffering from a heart condition, was completely out of public view for a week. Only his family and his senior bodyguard were allowed to see him.

Mr. Chernomyrdin's 30-minute meeting with Mr. Yeltsin on Friday was his first since the president fell ill. Russian television showed the president sitting in a chair, wearing a blue, green and white track suit.

"Subjectively speaking, I don't feel too bad," Mr. Yeltsin said. "I'll have to get back in shape, of course."

Mr. Yeltsin seemed to be short of breath, speaking slowly, and his words were slurred. His face was pale and seemed more puffy than usual.

"My rehabilitation is going as planned," he said. "My doctors confer with me twice a day." He added, "There is no reason to worry now."

Mr. Yeltsin has suffered two heart attacks in four months. Doctors and aides say he is suffering from ischemia, a restriction of blood flow to the heart.

But only minimal information about Mr. Yeltsin's condition has been made public, and the medical authorities who are attending the president do not give regular reports on his health or on his treatment.

After meeting Mr. Yeltsin, Mr. Chernomyrdin said in an interview with reporters later in the day that the president was "on the mend."

"I don't think the president should be overburdened with work for as long as he is taking treatment," Mr. Chernomyrdin said. "I think the president should follow the full course of the treatment and then everything will be all right."

Mr. Yeltsin's wife said this week that when he experienced a similar problem in July, his treatment was cut short to handle official duties.

The ministers of defense, foreign affairs and internal security normally report directly to the president, but Mr. Chernomyrdin said they would begin reporting also to him while Mr. Yeltsin is recovering, and he will consult with Mr. Yeltsin on "key matters."

The prime minister used strange language to describe how Mr. Yeltsin had indicated his desire for a shift in duties. "I could read in his eyes that I needed to work more," Mr. Chernomyrdin said.

So far, Mr. Yeltsin has not formally relinquished his powers as president. If he were to do so, Mr. Chernomyrdin would succeed him under the Russian constitution and an election would have to be held in three months.

Asked whether Mr. Yeltsin would be healthy enough to run again for president next year, Mr. Chernomyrdin said, "I am convinced that the president will be well, and the rest are technical matters."

But Mr. Yeltsin's ill health has unleashed speculation here that he will not be able to campaign for president next year. Russia holds parliamentary elections Dec. 17 and presidential elections next June.

Meanwhile, the Russian Supreme Court heard arguments Friday in separate challenges by a nationalist and a reform party to their disqualification by the Central Election Commission.

In the case of the reformist party Yabloko, headed by Gennadiy Yavlinsky, an economist, the court said it would issue a decision on Saturday.

But the court did restore the certification of the nationalist party, Derzhava, or Great Power, headed by former Vice President Alexander Rutskoi.

The decision may be a precursor for the Yabloko decision, since both parties were disqualified on similar grounds.

The commission had charged that Yabloko failed to get written consent from six potential candidates whom it dropped from the party's list for the parliamentary election. Party officials said that it was a mere technicality and that it had obtained permission from the candidates; the disqualification drew protests across the political spectrum.



President Boris N. Yeltsin as he met with Prime Minister Viktor Chernomyrdin on Friday. Mr. Chernomyrdin said the president would be partly relieved of some duties.

Walesa and Foe Clash on Eve of Polish Election

Compiled by Our Staff From Dispatches

WARSAW — Aides of President Lech Walesa and the former Communist Alexander Kwasniewski traded accusations of unscrupulous tactics on Friday in the last hours of campaigning before Sunday's presidential election.

Mr. Walesa's campaign has pounced gleefully on press reports that Mr. Kwasniewski's wife has shares in a thriving insurance firm, along with officials of the old Communist regime, businessmen linked to financial scandals and government agencies.

Mr. Kwasniewski's aides on Thursday charged that Mr. Walesa's campaign was abusing information gathered by the security services, which are partly under the president's supervision.

On Friday, Mr. Walesa's campaign rejected the accusation. "Alexander Kwasniewski's election staff has not stood the nervous strain of the campaign," Mr. Walesa's election manager, Jerzy Gwizdz, said during a

Warsaw news conference.

"They have resorted to the classic rhetoric of lies and slander used by the weak and politically immature," he said.

Since none of the candidates is expected to receive more than 50 percent of the vote, a runoff is scheduled for Nov. 19 to select a winner.

There are 17 names on the ballot in the nation's second popular presidential election, but four candidates have withdrawn from the race this week, expressing support for Mr. Walesa or other rightist candidates, thus leaving 13 in the field.

Before a midday Friday deadline cut off all further campaign speeches or opinion polls, a survey by the private PBS agency in the newspaper Rzeczpospolita put Mr. Kwasniewski ahead with 32 percent of the vote, and Mr. Walesa second with 29 percent.

Mr. Walesa's battle to win a second five-year term has underscored the historic tensions between Poles who backed his struggle to overthrow Communist rule in 1989, and those who were content with it.

The rift has been marked since Mr. Kwasniewski's reformed Communist party, the Democratic Left Alliance, won parliamentary elections in September 1993 after the feuding heirs to Mr. Walesa's Solidarity tradition failed to unite against it.

Mr. Walesa has since repeatedly vetoed and stalled government measures with the result that politics has been colored by wrangling, even as the economy has continued to flourish.

Mr. Kwasniewski, a young, articulate economist, rounded off his campaign on Thursday by contrasting Mr. Walesa's turbulent style and opaque rhetoric with promises of constructive reform and national reconciliation if he becomes president.

"On November 5 we will not be choosing between Communist Poland and Solidarity. This fight is over," Mr. Kwasniewski said to supporters in Krakow.

"We will choose between economic growth which serves people along with reforms that can understand and accept, and empty, unfulfilled promises," he said.

The former Communist now supports market reforms and early Polish entry into the North Atlantic Treaty Organization and the European Union.

Mr. Walesa, whose popularity sank early this year, has gained as people rally round the sole candidate thought strong enough to stop former Communists from winning the presidency, as well as Parliament and hosts of local government posts.

The differences between him and the remodeled Communists are more of emphasis and history than fundamentals, especially as the presidency does not have much power to shape legislation. (Reuters, AP)

GAZA CITY — Palestinian police rounded up several Islamic Jihad activists for questioning about two suicide car bombings in the Gaza Strip that wounded 11 Israelis, a police commander said Friday.

But the Palestine Liberation Organization leader, Yasser Arafat, apparently is reluctant to crack down severely since Thursday's bombings came in response to the assassination of the Islamic Jihad leader, Fathi Shaqaqi. The group has blamed Israel for killing Mr. Shaqaqi.

"Our mission is to reduce such attacks through dialogue and explaining to them that these responses will negatively affect the peace process," said Major General Abdel Razeq Majajda, a senior Palestinian police officer.

No group has claimed responsibility for the bombings. But a leader of the Islamic Jihad hinted in his Friday sermon that his group has carried them out to avenge its slain leader.

"Yesterday was the beginning of the response, and the journey is long," Abdullah Shami, a clergyman, said to hundreds of worshippers at Islamic Jihad's a-Qassam Mosque in Beit Lahia, north of Gaza City.

In his sermon, Mr. Shami scoffed at the self-rule government's calls for restraint and their warnings that more attacks against Israel could delay the expansion of autonomy to the West Bank.

"They are requesting that we remain silent so that we can return" to the West Bank, Mr. Shami said. "But we tell them that the land is not more precious than human beings" and that "this could not happen at the expense of our dignity."

As part of the Palestinian government's conciliatory signals, Mr. Arafat on Thursday visited Mr. Shaqaqi's family in the Gaza Strip.

And the police said a planned Islamic Jihad rally Saturday at a Gaza City sports stadium would go ahead.

Gaza Police Question Activists

The Associated Press

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MAIDS: For Filipino Servants, a Futile Search

Continued from Page 1

Perhaps most troublesome, the exodus has led to what some Filipinos call their diminishing sense of self-worth. Three decades ago, Filipinos were considered the wealthiest and proudest of Asians; today, they recoil under their new reputation as the region's chief supplier of maids and nightclub singers.

President Fidel V. Ramos and other Philippine officials have spoken generally of the need to bring the overseas workers home or at least to ban future labor exports. But the quandary is in the overseas workers' indispensability to the Philippine economy, which just now is showing signs of recovery after a decade of decline. In 1994, overseas workers sent back \$2.94 billion.

And that was just what was officially reported through the banking system; the real figure could be twice that.

Government statistics conservatively estimate that there are 4.2 million Philippine workers overseas out of a population of about 70 million. One out of every three Filipino homes has a family member working abroad. Officials estimate that there are another 1.79 million undocumented

workers overseas. Saudi Arabia is the top destination, with 1.5 million Filipino workers, mostly in construction jobs. Hong Kong is another, the Philippine consul here records 140,000 expatriate Filipinos, 130,000 of them working as domestic helpers.

Senator Blas Ople, who was the Philippine labor minister when the major exodus of labor began in the late 1970s, described the overseas workers as "people of modest dreams."

"They want to own a house, send the children to college, or save for a modest family business they can call their own," he said.

Studies by the University of the Philippines, however, have shown that only one out of 10

Gene Linked to Most Breast Cancer

By Gina Kolata
New York Times Service

NEW YORK — A gene that was thought to cause only a small proportion of breast cancers now appears to be at the heart of nearly all of them, researchers report.

The finding may lead to new ways to give a prognosis and to treat breast cancer, but there is no immediate action recommended for women who have breast cancer or are concerned about a genetic predisposition to the disease.

Researchers are excited about the finding because it means that the rare forms of breast cancer that run in families no longer appear to be distinct from the most common forms of breast cancer.

The gene in question, known as BRCA-1, was isolated just a year ago, after a heated race among molecular biologists certain that it would provide vital clues to the causes of breast and ovarian cancers. It did. Women who inherited a mutated form of the gene had about a 90 percent chance of developing breast cancer and about a 60 percent chance of developing ovarian cancer.

But women with familial breast cancers

constitute just 5 percent of all women with the disease, so the importance of the finding seemed of minor importance for the vast majority of women who might contract breast cancer. When researchers examined cancers from women who did not have a strong family history of the disease, the gene seemed normal.

But Dr. Wen-Hwa Lee and his colleagues at the University of Texas at San Antonio now have reported that women with breast and ovarian cancers but no family history of the disease have certain abnormalities related to this same gene. The abnormalities have to do with a protein called BRCA-1. The BRCA-1 gene instructs the cells to make this protein.

Normally, this protein is successfully produced and does its work in the cell nucleus, which contains the genetic material. In the rare familial breast cancers, the gene produces a faulty form of the protein. In the more common forms of breast cancer, the researchers report that the protein is misplaced, found in the wrong part of the cell.

Dr. Lee and his colleagues looked for the BRCA-1 protein in normal cells from var-

ious body tissues, including the breast. They also looked in breast and ovarian cancer cells taken from women with newly diagnosed cancer, in cells from women with advanced cancer and in cells from cancers other than those of the breast and ovary.

What they found was that normal cells and cells from other sorts of cancers contained the protein in the nucleus. But the protein was either outside the nucleus or absent altogether in nearly all the breast and ovarian cancer cells they examined.

Dr. Lee said the BRCA-1 protein's structure suggests to scientists that its role is to attach itself to genetic material and control the switching on and off of genes. If that is correct, then the misplacement of the protein outside the nucleus could leave a cell without a vital modifier of cell development, leading to malignant growth.

The misplacement of the BRCA-1 in cells indicates that the protein may not be functioning in most women with breast or ovarian cancers. That finding, said Dr. Barbara Weber of the University of Pennsylvania School of Medicine, means it might one day be possible to move the misplaced protein back where it belongs.

AMERICAN TOPICS

Big-Sport Campuses Bring Out the Booze

Colleges with fraternities, sororities and big sports programs are the most likely to attract binge drinkers and turn nondrinking freshmen into alcohol abusers, according to a study by the Harvard School of Public Health.

It shows that certain high-risk campuses pose an enormous hazard for nonbinge drinkers. Forty-six percent of them became binge drinkers when exposed to life at a high-risk campus.

At the low-risk campuses, only 17 percent of nonbinge drinkers became binge drinkers, and 48 percent of binge drinkers gave up the habit. At the high-risk colleges, only 20 percent of binge drinkers stopped.

The researchers defined binge-drinking men as those who had consumed five drinks one after the other at least once in the previous two weeks. For women, the definition was four drinks.

The studies are based on a 20-page questionnaire that was given to 17,592 students at 140 colleges in 40 states in 1993.

Women's colleges, historically black colleges and colleges that are attended primarily by commuters living at home had lower rates of binge drinking, the researchers found.

Overall, 50 percent of college men and 39 percent of college women are binge drinkers, when measured according to the Harvard definition.

About People

Claude Lelouch, director of the 1965 French hit, "A Man and a Woman," frequently works a friendly reference to the United States into his films. As a child in occupied France, living with a mother who had converted to his father's

Jewish faith, he had several brushes with the Nazis. He remembers having to recite the Lord's Prayer to a German officer to prove he was not Jewish. "If I like cinema," Mr. Lelouch, 58, told The New York Times, "it's thanks to American films. Anyway, the Americans saved my life. If they hadn't come in 1944, I'd have probably been killed or deported. I am not an ingrate."

Elizabeth Berkley's career has hit the skids now that the first film in which she starred, "Showgirls," has bombed at the box office, according to Entertainment Weekly. It said she has been dumped by her talent agency, given no new roles and "harshly dismissed by Hollywood."

Paul Verhoeven, the film's director, was not much help. He said he told her six months ago that if critics didn't like the movie, "they'll write that you can't act, and you can't dance. I told her that."

As a cost-cutting measure, Governor William Weld of Massachusetts proposes to license drivers virtually for life. This would make the state unique in North America.

No state or Canadian province issues a driver's license for more than six years. Britain licenses drivers from the ages of 17 through 70 without retesting. Thereafter a test is required every three years. Some other countries license drivers for life.

New York's new subway token is as light as a dime, about the size of a nickel, and costs \$1.50. It won't be around for long. By 1997, the electronic technology of the Metrocard is expected to have taken over completely.

The tokens, though they seem to have been a part of the subway forever, will have lasted for only 44 years. Before 1953, first nickels, then dimes operated the turnstiles.

International Herald Tribune

FRAUD: Challenge After Daiwa

Continued from Page 1

As the recent collapse of Barings Bank showed, the world financial system is still peopled by thousands of young traders who can commit hundreds of millions or even billions of dollars of resources.

One former top regulator willing to admit all of this quite candidly is E. Gerald Corrigan, former president of the Federal Reserve Bank of New York and currently chairman of international advisers at Goldman Sachs in New York.

"There is," said Mr. Corrigan in a telephone interview Friday, "absolutely no fail-safe way to protect against fraud or other forms of egregious behavior. It's a little bit like somebody setting out to execute a political assassination. There are all sorts of precautions, but no fail-safe protection available."

As far as Daiwa is concerned, Mr. Corrigan said: "I do not think it points to the need for reinventing the wheel. It's a sad and tragic case, but I don't think it points to the need for new laws and regulations." Instead, he suggested improving internal management controls, while acknowledging even this would not provide guarantees against wrongdoing.

The BCCI case showed, for example, that internal auditors or outsiders from accounting firms can only make judgments based on the information that is supplied to them. Or, as one Fed official who spoke on condition of anonymity put it on Friday: "If people are actually lying, then there is nothing we can do

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Herald Tribune

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A UN Criminal Court

The work of dictators, torturers and death squad assassins depends on impunity. They know no one in their own countries can touch them, and while they may be aware of international laws against genocide, war crimes and the atrocities known as crimes against humanity, they also know that these laws are just words.

But that may change. With the end of the Cold War, the United Nations reopened debate on an idea kicking around since the Nuremberg tribunals 50 years ago. The idea is to set up a permanent international criminal court, as a counterpart to the World Court, that deals with disputes between nations. The UN's Sixth Committee, which handles legal affairs, is now considering whether to relegate the court to what is essentially the oblivion of permanent debate or set up a diplomatic conference to write a draft that nations can agree on.

American leadership is needed to establish the court. President Bill Clinton finally provided at least a part of it last month, giving the administration's first endorsement of the court. But his aides, worried that nations might raise politically motivated complaints against American soldiers abroad, have consistently defied other Western democracies and pushed for a version controlled by the Security Council, an approach that would politicize and essentially gut the court.

Washington's fear of political prosecutions is overblown. The United States is seeking to weaken a court whose pow-

ers have already been circumscribed by drafters aware the court will be able to try their own citizens. In its current conception, it is a weaker body than the ad hoc tribunal for Yugoslavia, which must fight to keep its indictments from being bargained away in a Bosnia peace settlement. The court would take jurisdiction only once a defendant's own national courts proved unwilling or unable to try a case. Various mechanisms allow states to shield their citizens from prosecution, although the United Nations can slap sanctions on countries that harbor fugitives.

Despite its limits, the court would still be useful in many situations. When America and Britain sought the extradition of two Libyans suspected of the Pan Am 103 bombing, Libya said it would turn them over only on an international forum, and no one could call Libya's bluff. Governments might surrender indicted citizens whom they have the will but not the power to put on trial, such as the Khmer Rouge leader Pol Pot in Cambodia. The threat of sanctions may wear out a fugitive's welcome in a foreign haven, or even at home. No accused criminal will be able to travel without risking arrest.

The realities of power politics ensure the court will never offer perfect enforcement of international law. But it is a necessary first step if law is ever to triumph over the impunity of the powerful. It deserves the leadership of the Clinton administration and every nation's support.

—THE NEW YORK TIMES

Turning and Turning

Now President Bill Clinton has walked away from the welfare bill he sent to Congress last year, just as the week before he renounced the tax increase he pushed to passage in 1993. What next? Perhaps he'll say he didn't mean to send up last year's health care reform proposals either. Mrs. Clinton made him do it. It becomes increasingly difficult to know what this president stands for, or whether he stands for anything.

Mr. Clinton telephoned the columnist and author Ben Wattenberg late last month. Mr. Wattenberg is a conservative Democrat who thinks the party has drifted too far from majority values to which it ought to return. Among much else, he thought the welfare plan the president submitted last year was too weak — and guess what? The president agreed with him. Mr. Wattenberg wrote in a column that Mr. Clinton told him, "I wasn't pleased with it either."

The White House went to its familiar battle stations. The president, after all, wouldn't want the many people in and out of the administration who helped formulate the plan, to say nothing of the many in Congress whom he had urged to support it, to think he was abandoning them. His spokespeople therefore once again had to scurry to explain what it was that he had really meant. What he had really meant was that the budget made him do it, his press secretary said. For lack of child-care money, he hadn't been able to draw up a plan to force as many mothers off the rolls as he would have liked. But that's not what really happened. It's a misleading and self-serving, not to say self-deluding, account of the history of this bill, as fictional as was the president's account of the history of the tax increase.

Campaigning in 1992, Mr. Clinton suggested that he would force people off the welfare rolls after two years; that was the top of the message, which people heard. It was followed by all kinds of footnotes saying he would force them off only under certain conditions. The government, as part of the process of moving them off the rolls, would offer increased support in the form of training, an extension of their Medicaid, child care — even a job itself, if necessary. The families would be off "welfare," but government spending on their behalf would meanwhile go up, not down. That's how it has to be, of course, but in the campaign, that not-so-popular part of the message was played down. One still could have hoped and even believed he meant it of course.

In office, the task of marrying the slogan to the footnotes fell mainly to the Department of Health and Human Services. The secretary hired some of the best people in the country to do the work. They did it well. Last summer, the president loved it, or seemed to. "If we do the things we propose in this welfare reform program, even by the most conservative estimates, these changes together will move one million adults who would otherwise be on welfare into work or off welfare altogether by the year 2000," he said in announcing his submission.

But the president's plan was swept aside by Republican and other congressional

conservatives who pocketed his proposal for time-limited welfare and went beyond it. Mr. Clinton started and in a sense legitimized a process that he then lacked the votes and stature to stop. No action was taken on welfare last year; this year, with Republicans in command of both houses, the House and Senate have passed much tougher bills than Mr. Clinton proposed.

Both are bad by the standards the president enunciated last year. They are punitive, would pull the federal floor out from under welfare, could lead to the breakup of the food stamp program as well, and would likely end up stranding some of the most vulnerable people in the society. Most of those are children. The president has nonetheless climbed aboard and said he would sign the Senate version. Now here is the part you need especially to know: Mr. Clinton's own advisers have told him that it would likely consign as many as a million more children to poverty, and it would provide several proposals less for child care than his own proposal of a year ago. But, well, it's better than the House bill, and surely you couldn't ask a president who promised to end welfare as we know it to begin the election year by vetoing a welfare reform bill that he himself did so much to beget.

Mr. Clinton could have fought for the right result on welfare. He knows the issues by heart; he has the power; and when he still had the courage to voice them, he had the better arguments. What he has done instead is acquiesce for political reasons in the wrong result — and then give false reasons for the acquiescence. He thinks he gains by such behavior, but he diminishes himself.

—THE WASHINGTON POST

Other Comment

No Crystal Ball

The rich industrial economies are heading for another recession. But before businessmen and bankers fling themselves out of windows, note that this forecast, though undoubtedly correct, comes without a date attached. Economic growth has in fact slowed this year, stoking fears that the next recession is looming. At the same time, the usual clutch of optimists has emerged to predict that, thanks to a technological revolution — or even, perish the thought, to better economic management — there will instead be uninterrupted growth forever. Both views are wrong. As far as can be told, the present expansion has some way to go before it hits the buffers. But the buffers will still be hit.

Few economic issues grab more misguided attention, from experts and laymen alike, than the business cycle. Their obsession is almost always founded on misconceptions about the powers of economists and politicians. Ordinary mortals often judge the value of economists on their ability to forecast accurately the next recession. Governments, in turn, are judged by voters on their ability to avoid it. And on both tests, economists and governments seem repeatedly to have failed.

—The Economist (London).

U.S. Must Limit 'Cultural Fatalism' on the Balkans

By William Pfaff

NOTRE DAME, Indiana — Fatalism is not the American style, but a belief in cultural fatalism lies behind the American fear of further involvement in Balkan peacekeeping. The conviction widely held is that murder runs in the blood of the Balkan peoples.

"They've fought one another for centuries; there's nothing to do about them. The U.S. should stay out of it." That opinion is repeatedly heard when talking about Yugoslavia and Balkan nationalism, as I have been doing in public forums organized by the Nanovic Center for European Studies at the University of Notre Dame.

This belief is wrong, and Congress therefore is badly mistaken to interfere in the Dayton negotiations on Yugoslav peace — that is what it amounts to — by threatening to prohibit U.S. troops from playing their promised role in a settlement. These are crucial talks and there is a serious chance they can halt the slaughter.

Nothing about Serbs, Croats and Bosnians condemns them to perpetual war. If that were so, the talks would be useless. How can you interfere with destiny? If that idea were true it would also exonerate from guilt all of the people who created and fought this war, and committed its atrocities. They cannot be responsible if nature made them do it.

But nature did not make them do it, nor did their national cultures or histories. Responsible men and women did what has

been done in Yugoslavia, in particular Slobodan Milosevic and his principal agents in Bosnia, Radovan Karadzic and Ratko Mladic — with Croatia's Franco Tudjman one of their many accomplices in crime.

The details of how this war started are recounted in one of the most ambitious and important television documentaries ever made, "The Death of Yugoslavia," produced for the BBC, Austrian television and the Discovery Channel in the United States.

The program meticulously documents (often from Belgrade television archives) the successive decisions that plunged Yugoslavia into this catastrophe. Many of the principal figures — including President Milosevic himself — explain in interviews what happened, often with astonishing indiscretion.

The war was deliberately created in the struggle for personal power that followed Tito's death in 1980. This was no spontaneous rising of the Serbian, Croatian and Muslim peoples to slaughter one another. They had to be propagandized and provoked for more than a decade before the crisis was exploded by Slovenia's and Croatia's "dissociation" of themselves from Yugoslavia in June 1991.

The Serbian-commanded Yugoslav Army's intervention at that point reopened a conflict that some Serbs and Croats had

waged between 1941 and 1945. Italy and Germany sponsored a fascist Croatian puppet-state during World War II that pitilessly persecuted and attempted to exterminate its Serbian minority.

But 1941 was, the first time the Serbs and Croats had ever fought one another. Their conflict then, as now, was not the outcome of blood hatreds but of specific political choices, one of them the creation of Yugoslavia itself.

The reason there was a Yugoslavia is that the South Slav peoples demanded it. The idea for this federation came first from a Croat, Joseph Strossmayer, a 19th-century Catholic bishop and educator. It reflected the romantic pan-Slav sentiments that were current in the region from the beginning of the century.

Serbian intellectuals took up the idea. By World War I, South Slav unification had become an important political movement, one of the forces actually responsible for the war's outbreak. Emigrant communities overseas supported the idea and pressed Woodrow Wilson and the other Allied leaders to recognize Yugoslavia when that war was proclaimed in 1918, after the Austro-Hungarian Empire's collapse.

Relations among the South Slavs soured only later. The Croats had believed they would have equal status in a federation. The Serbs, as the majority people, wanted to dominate a centralized state. The king, a Serb, proclaimed a dictatorship in 1929, and although the dic-

tatorship ended in 1931, the government subsequently was under Serbian control. After World War II, despite the atrocities of the Croatian fascists, Yugoslavia was recreated under Tito, a Croat. It has only broken down since his death.

No doubt it will never be put together again. However, the war can be stopped. People are exhausted, for one thing. More important — and not generally recognized — is that Mr. Milosevic's political survival depends on peace and an end to the UN embargo, which has had ruinous effect on the Serbian economy.

Mr. Milosevic has already betrayed his Serbian allies in the Krajina and Bosnia. He watched while the Croatian and Bosnian armies routed them in August and September, driving them out of lands he had promised would become part of Greater Serbia. They now are refugees in Serbia and they hate him. He can't turn back. Official television in Belgrade now celebrates him as a man of peace, promising that he will bring "peace and prosperity" back from Ohio.

He has to give Bosnia and Croatia whatever is necessary to get a settlement. If there is no peace, he is finished. That is why the United States has the chance to sponsor an end to this war. It is why Congress must put principle ahead of electoral expedience and back up what Richard Holbrooke and his colleagues have accomplished.

International Herald Tribune
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Sane, Reliable Canada Attempts Suicide — and Will Do So Again

By Charles Krauthammer

WASHINGTON — Canada as we know it — dependable, boring Canada; the Canada that we Americans so safely ignore — is dead. It expired last Monday night with the Quebec referendum to break up Canada and make Quebec an independent country. The referendum lost by 50.6 to 49.4 percent, but the defeat appears only temporary. Fifteen years ago, a similar plebiscite on separation lost by 20 points, 60-to-40. This past week, it lost by one point. Next time around, it will win.

Now, it is possible that Canada will avert Quebec independence by revising its constitution to grant Quebec greater autonomy within a very loose, very weak federal Canada. Prime Minister Jean Chretien, shocked by the close vote, has already promised dramatic constitutional change.

But the only change that might hold Quebec in Canada is a revised constitution that grants all the attributes of sovereignty without the real thing? The ref-

erendum Monday was not about yet more powers over immigration. It was not about the nuances of constitutionalism. It was about the ineffable — nationhood. Having come within 0.57 percent of claiming it, it is hard to imagine North America's last great community of French speakers ever settling for less.

Why should it matter to the United States if Canada goes the way of Czechoslovakia? True, it would be psychologically unsettling: After a century of placidity, north is the one direction on the American compass from which we expect no nasty surprises. But what would be the practical effect? As one colleague put it: "Where's the danger? Do you expect to be attacked from Quebec?"

A hail of rocket-launched hockey sticks falling on Lake Placid, New York, is not the source of American concern with a fractured Canada. The most

pressing concern is economic. The economic future made a brief appearance during the financial panic that seized Canada and the Canadian currency markets as the vote on separation approached.

The U.S. economy is very deeply tied to Canada's. Canada, not Japan, is America's No. 1 trading partner. Our massive auto industries, for example, are joined at the hip. If instability in Mexico makes us uncomfortable, instability in Canada will make us ill. U.S.-Mexico trade is \$100 billion a year. U.S.-Canada trade is two and a half times as much. If the collapse of the peso can so unsettle the American economy, think of the effects of the collapse of the "loonie" (the name for the Canadian dollar) in drawing jobs out of the United States and depressing U.S. exports.

But the breakup of Canada would be a tragedy that far transcended economics. There is the question of the Canadian example. Canada is one of the world's most admirable countries: peace-

ful, orderly, open, democratic, courageous (consider only its extraordinary service in the world wars). That a country such as this should self-destruct over an issue as relatively trivial as language is a cause for great dismay. In an era of endemic ethnic conflict, it leads us to wonder whether any peoples, especially those with greater differences and deeper grievances than Canada's, can coexist.

One can understand Quebec's romance with sovereignty and its trappings. Why, even Slovakia and Bosnia have a flag and a UN seat. But what a mess of porridge. Break up Canada for that? Break up one of the most successful countries in history? Break up a country that 83 percent of Quebecers tell pollsters is the best in the world?

An old Canadian friend writes that on Monday, Canada dodged a suicide blow. That is the good news, I suppose.

The bad news is that Quebec is busy reloading the gun.

Washington Post Writers Group

Death Sentences by Nigeria Demand the World's Condemnation

By Jim Hoagland

WASHINGTON — Nigeria's corrupt military dictatorship has crossed a red line by sentencing the minority rights leader Ken Saro-Wiwa to death on trumped-up murder charges. Only a strong burst of world condemnation that includes the international oil companies that keep Africa's most populous nation afloat financially can save Mr. Saro-Wiwa from death and Nigeria from complete ruin.

In practical terms, the dissent's fate rests in the hands of Royal Dutch/Shell, the British-Dutch oil giant; America's Chevron Corp., and a handful of other European and American

petroleum companies, none of which has spoken out on the case.

Their silence is predictable. Global business routinely refuses to mix in domestic politics and is right to do so. The business of world business is business, to paraphrase Calvin Coolidge, and not fine-tuning unfamiliar or broken political systems.

Investors and manufacturers from abroad contribute significantly to nation-building. Their search for profit often encompasses a long-term, apolitical commitment to creating jobs for the people and revenue for strug-

gling Third World governments of varying ideological stripes.

The Saro-Wiwa case should be the exception to the rule of multinationals avoiding political controversy. It should also be a catalyst for the world's oil companies to reassess the role they play in shoring up murderous regimes in Nigeria, Libya, Iran and elsewhere.

Ken Saro-Wiwa, an acclaimed playwright, is one of those engaging Nigerian intellectuals caught up in the turbulence that has engulfed Nigeria since its 1960 independence from Britain.

He leads the Movement for the Survival of the Ogoni People, who are among 20 ethnic groups that inhabit the oil-producing Niger River Delta region.

The movement demands for the Ogoni a fair share of oil revenues from the central government — a regime that annulled the results of a 1993 national election that would have returned the country to civilian rule — and from Shell and Chevron, which hold the primary oil concessions in Ogoniland. The companies have temporarily closed down operations there because of civil strife and protest.

In May of last year, four traditional chiefs who opposed the movement were killed by a mob. A special military tribunal sentenced Mr. Saro-Wiwa and three others to death last Tuesday in a trial that the British Foreign Office publicly condemned as "a flawed judicial process" and that human rights observers said was a travesty and illegal under Nigeria's constitution. The same court a day earlier passed death sentences on five other members of the organization on the same murder charges.

Britain may seek Nigeria's suspension from some Commonwealth activities when the organization meets in New Zealand next month. But that is a flick on the wrist with a wet noodle. Only intervention by Shell can save Mr. Saro-Wiwa, said Anita Roddick, a well-known British en-

trepreneur and merchandiser, in a remarkable letter to the Financial Times of London.

Ms. Roddick raised the questions the business community faces in dealing with the Nigerias, Libyas and other rogues of the world: "Where do we draw the line? What do we as businesses owe to the communities we work in?" While Shell and the central government profited, "billions of dollars of oil revenue have been ripped out of the heart of the Niger Delta. The Ogoni people have to live in a land without clean water, air or soil." Those who campaign for human rights for them are persecuted, "Shell claims privately that it is appalled by what is going on, but says its hands are tied."

Oil companies have functioned as a state within a state in many Third World countries. Their record of protecting Western consumers and contributing to the stability in host countries and of the international financial system is far more positive than is generally recognized.

But there should be a line beyond which the companies will not go in aiding and abetting criminal behavior by a host government.

That is the line the Nigerian rulers have crossed. Shell and the others should now respond by making clear publicly that they do not condone Nigeria's actions.

Washington Post Writers Group

Abandon the Failed 'War on Drugs'

By Anthony Lewis

BOSTON — The Million Man March on Washington, a largely middle-class gathering, left tormenting questions about America's black underclass. What can be done to break the cycle of despair in the inner cities? What, especially, can be done for their lost young men?

If we are prepared to look past shibboleths, one answer should come to mind. That is to end the so-called war on drugs.

Drugs are terrible. But it is not drugs that have done the real damage to our society. It is the misbegotten effort to use the criminal law against them.

We tried Prohibition to end alcohol abuse. It brought so much crime that we quickly gave up the "Noble Experiment." Prohibition of drugs began in 1915. The experiment has been going for 80 years now, and by every rational test it is a ghastly failure.

The huge amounts of money spent in recent years on the drug war have not reduced addiction. Per capita use of cocaine has in fact increased.

And the effort to stop drug use by harsher and harsher criminal penalties has had devastating side effects. It has made importation and distribution of the forbidden products immensely profitable. That in turn has lured large numbers of young men, even children, into the trade.

"We're giving these kids a criminal identity when we should be trying to find every possible way to keep them in school and get them into employment," said Joseph McNamara, a former police chief in San Jose, California.

Mr. McNamara is now a research fellow at the Hoover Institute in Stanford, California. Last May, Hoover put on a conference about drug policy. The participants included George Shultz, the former secretary of state, and Milton Friedman, the economist — both also at the Hoover Institute — and dozens of police officials. The participants ended by favoring, overwhelmingly, medical and educational alternatives to the war on drugs.

"Any objective group that studies the war on drugs has to recognize that it's a disaster," Mr. McNamara told the Palo Alto (California) Weekly. "It is not stopping the spread of drug abuse, it's causing a good deal more crime and violence than we'd otherwise have, and it's having severe negative effects on race relations in America."

Another terrible cost of the drug war is the incarceration of enormous numbers of people. The United States now has more than one million prisoners, many of them sentenced to long terms for nonviolent drug crimes. It costs Americans upward of \$20,000 a year for each one — and it will cost hundreds of billions to build new prisons.

The racial impact of the drug war is particularly devastating. One-third of America's black men between 20 and 29 are now in prison or under supervision of the criminal justice system, most of them for drug crimes.

Then there is the murderous

quality of life in urban ghettos. Guns accompany the drug trade, and small children are incidental victims of the street battles that result. By one estimate, the United States has 10,000 drug-related homicides a year.

If we began to decriminalize our drug laws, there might be an increase, perhaps temporary, in casual use. But against that possibility, one has to weigh the great gains for society in taking the profit out of the trade.

That is one point made in a compelling piece on drugs in the October issue of *Washington Monthly*. By Joshua Wolf Shenk, it argues that we must try to limit drug use, but not use methods that do more harm than good. Cigarettes have been found to addict young users more than any other drug. Mr. Shenk points out, and about 400,000 Americans die prematurely each year because of tobacco use. However, we fight that problem not by criminal prohibition but by rules and education, which have substantially reduced smoking.

Politically, it is very hard to talk sense about drugs. President Bill Clinton has just signed legislation rejecting a recommendation of the Federal Sentencing Commission to end the grotesque disparity of sentences for crack and regular cocaine: up to 100 times more for the former.

But some day Americans may have political leaders brave enough to do what most of the police authorities and judges who are on the front line have concluded is essential: stop the self-destruction of the war on drugs.

New York Times Service

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Monkey Suit

LIVERPOOL — Benjamin Jackson of Bolton sued William Johnson of Liverpool for £2, the value of a monkey purchased by the plaintiff from the defendant's daughter. The plaintiff stated that at the time of the purchase he was assured that the monkey was perfect, but afterwards he found that it was shortsighted and, in fact, so blind that it could not see a banana when placed a foot from it. Judge Collier tested the monkey's sight by waving a piece of paper in front of its eyes. It flinched when the paper was brought near its face. Judgement was later given for the defendant, with costs.

1920: Republican Wave

NEW YORK — Incomplete returns of the capitals of the 35 states in which governors were chosen yesterday (Nov. 3) show that in the landslide which carried Senator Harding into the White House, the

Republicans were carried along on the crest into five former Democratic strongholds, replacing Democratic executives in New York, Ohio, Tennessee, Utah and West Virginia. Of the new governors, the Republicans have already secured the election of 24.

1945: A Stern Sinatra

GARY, Indiana — White students at high schools in Gary went on strike today (Nov. 3) in protest against the attendance of Negro children in the same schools. Instead of sending truant officers, however, the mayor sent for Frank Sinatra. Sinatra arrived by plane and proceeded to Memorial Hall where 5,000 students were waiting. He sang a few songs and then lectured them about race prejudice, telling them about his thought of them in general. The children cheered the singing but sat in stony silence during the lecture. When it was all over, Sinatra had to escape by a side exit with a bodyguard.



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Typhoon Batters Luzon, Killing 35 And Ruining Crops

By Sheila S. Coronel
New York Times Service

MANILA — With a fury not seen in this typhoon-battered country in a decade, a tropical storm raged through the main island of Luzon on Friday, leaving 35 people dead and millions of dollars' worth of crops and infrastructure destroyed.

With winds of up to 130 miles an hour, the storm designated Angela savaged much of Luzon, toppling power lines, burying fields and homes and sending tons of volcanic ash flowing down the slopes of the Mount Pinatubo volcano. At least 40,000 people were forced to flee their homes, crowding school houses, churches and government buildings.

The hardest hit were the provinces of southern Luzon and the teeming Philippine capital, Manila, which was battered by violent winds that uprooted trees, collapsed walls and ripped roofs off houses.

The government's Office of Civil Defense estimated the damage to crops at \$8 million, while at least \$22 million worth of bridges, buildings and roads were destroyed.

Rivers and lakes overflowed in several provinces, flooding low-lying towns in up to 20 feet of water.

Scores of fish pens were destroyed, as were thousands of acres of rice fields ready for harvest.

Much of Luzon, including Manila, remained in darkness late Friday as the storm moved out into the South China Sea.

The storm cut nearly a hundred power transmission lines, and an official said that given the "intense devastation," it would take up to a week to restore power.

Public transport ground to a halt as highways were made impassable by fallen trees and debris.

Domestic and international flights were canceled most of the day, and ships remained in harbors.

President Fidel V. Ramos took charge of disaster control, directing relief operations and inspecting damage.

Although damage was widespread, casualties were lower than those of other disasters that have struck here.

An average of nearly 30 typhoons hit the Philippines every year. Early warning and the rapid response of local officials saved thousands who quickly evacuated to safer sites.

There were few casualties in central Luzon, which was battered in September and October by rainstorms that caused mud, rock and ash to flow down the slopes of Mount Pinatubo.

Since the volcano erupted in 1991, the central Luzon province of Pampanga, about 55 kilometers (35 miles) north of Manila, has been devastated by annual avalanches of mud and volcanic debris.

Rain and wind triggered the avalanches, which have buried several towns in up to 20 feet of mud and ash. Relief officials reported that Angela caused mudflows 10 to 12 feet high through most of Friday.



VICTORY CELEBRATIONS — Cyril Ramaphosa, the secretary-general of the African National Congress, dancing Friday in Johannesburg to celebrate his party's overwhelming sweep to power in local elections.

Relief Agencies Rush Aid to Refugees in Sri Lanka

The Associated Press

COLOMBO — Sri Lankan troops cleared mine fields Friday on the route to the Tamil rebel stronghold of Jaffna, and relief agencies began rushing medicine and tents to hundreds of thousands of civilians who have fled the fighting.

Thousands of troops remained 4.5 kilometers (three miles) from Jaffna, said Brigadier Sarath Munasinghe, a military spokesman. The military said that nearly 1,000 rebels and 221 soldiers have been killed in the offensive so far, and

that 536 soldiers and 3,000 rebels have been wounded.

The Tamil separatists are fighting for a homeland in the north and east.

"The military has met stiff resistance in counterattacks," the rebels said in a statement from their office in London.

And its progress toward Jaffna city has been reduced to a snail's pace.

In Colombo, international relief agencies spent Friday hastily collecting tents, rolls of plastic, medicine and other supplies to send to nearly 500,000

Tamils who have fled the fighting, aid workers in the capital said.

The first shipload was scheduled to sail Saturday for northern Sri Lanka. The ship was chartered by the International Committee of Red Cross.

Nearly 65 percent of the 800,000 people in the Jaffna Peninsula, who are predominantly Tamil, are reported to have fled their homes to escape the intense artillery shelling and bombing of the area around the city of Jaffna.

The winter monsoon season is expected to begin in the area next month.

The animosity between the Sinhalese majority, which controls the military and the government, and the Tamil rebels was evident once again Thursday in a village far from the northern war zone.

Tamil rebels hacked to death five Sinhalese children, from 3 to 13 years old, the police said.

The attack occurred after a farmer in Kandahelagama village, 185 kilometers southeast of Colombo, fired a weapon at the guerrillas.

BRIEFLY ASIA

U.S. Considers Compensation

TOKYO — The U.S. military has asked the defense lawyers for three servicemen accused of raping a young girl about giving compensation to the girl and her family, one of the lawyers said.

Mitsunobu Matsunaga, who is defending Roderico Harp, a Marine private first class, said that the military had asked the three attorneys to consider what might be an appropriate amount.

Private Harp, Private First Class Kendrick M. Ledet and a navy seaman, Marcus D. Gill, go on trial Tuesday on charges of abducting the 12-year-old, binding and raping her. The case has caused an outcry against the U.S. military on Okinawa, where the servicemen are stationed. (AP)

Chinese Schedule Sea Maneuver

TAIPEI — China is to hold a routine military exercise in mid-November off its southeastern coast, the Independence Evening Post newspaper reported Friday.

Some observers feared the exercise was designed to disrupt Taiwan's Dec. 2 parliamentary elections. But military authorities in Taipei said such a maneuver was routine and similar to exercises held by Taiwan. (AFP)

Kashmir Paralyzed by Strike

SRINAGAR, India — A strike called by Kashmir's Freedom Conference against what it termed "state-sponsored terrorism" brought business in much of the state to a halt on Friday, officials said.

All businesses, offices, schools and banks were closed and traffic remained off the roads in Kashmir's summer capital of Srinagar, the police said.

The Freedom Conference, an umbrella organization of several groups agitating for self-rule in Kashmir, denounced recent attacks on Kashmiri leaders, the bombings of houses and what it called atrocities by Indian security forces. (AP)

Zia Pressed on Election Issue

DHAKA, Bangladesh — The opposition to the government of Prime Minister Khaleda Zia of Bangladesh on Friday named two retired judges as potential heads of a caretaker government to oversee the next elections.

An opposition newspaper said that during talks with an "eminent citizen's contact group," the opposition proposed that retired Chief Justice Shahabuddin Ahmed and Mohammed Habibur Rahman head a caretaker government.

The Awami League and other opposition parties have been campaigning for 19 months for Begum Zia's resignation and elections under a neutral caretaker government. They assert that free elections are impossible under Begum Zia. (AFP)

Seoul to Increase Fees It Pays for U.S. Shield

The Associated Press

SEOUL — South Korea will pay more to keep U.S. troops here to deter a perceived threat of attack by the Communist North, Defense Secretary William J. Perry announced Friday.

Wrapping up a trip to shore up America's alliances in Asia, Mr. Perry said that South Korea would pay an extra 10 percent a year for the next three years to lessen the \$1 billion-a-year burden on the United States.

The new contribution will add up to \$192 million, with the yearly contribution rising from

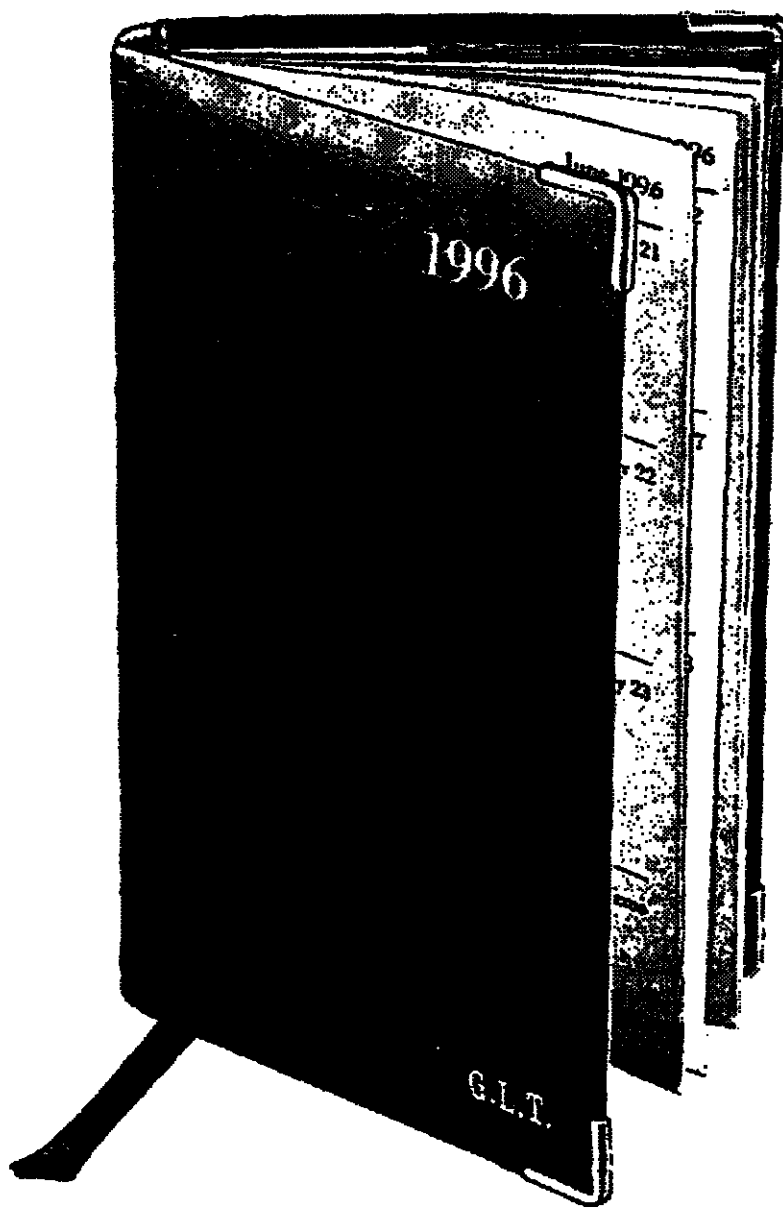
\$300 million this year to \$399 million in 1998.

"Freedom is not free," Mr. Perry said. "It requires commitment and it requires money."

South Korea pays about a third of the nonsalary costs. Japan, by contrast, pays 70 percent of the cost of basing U.S. troops on its soil.

Mr. Perry said the U.S.-South Korean alliance that dates from the 1950-53 Korean War remains strong even with the Cold War over. "The partnership endures because it serves the national interests of both countries," he said.

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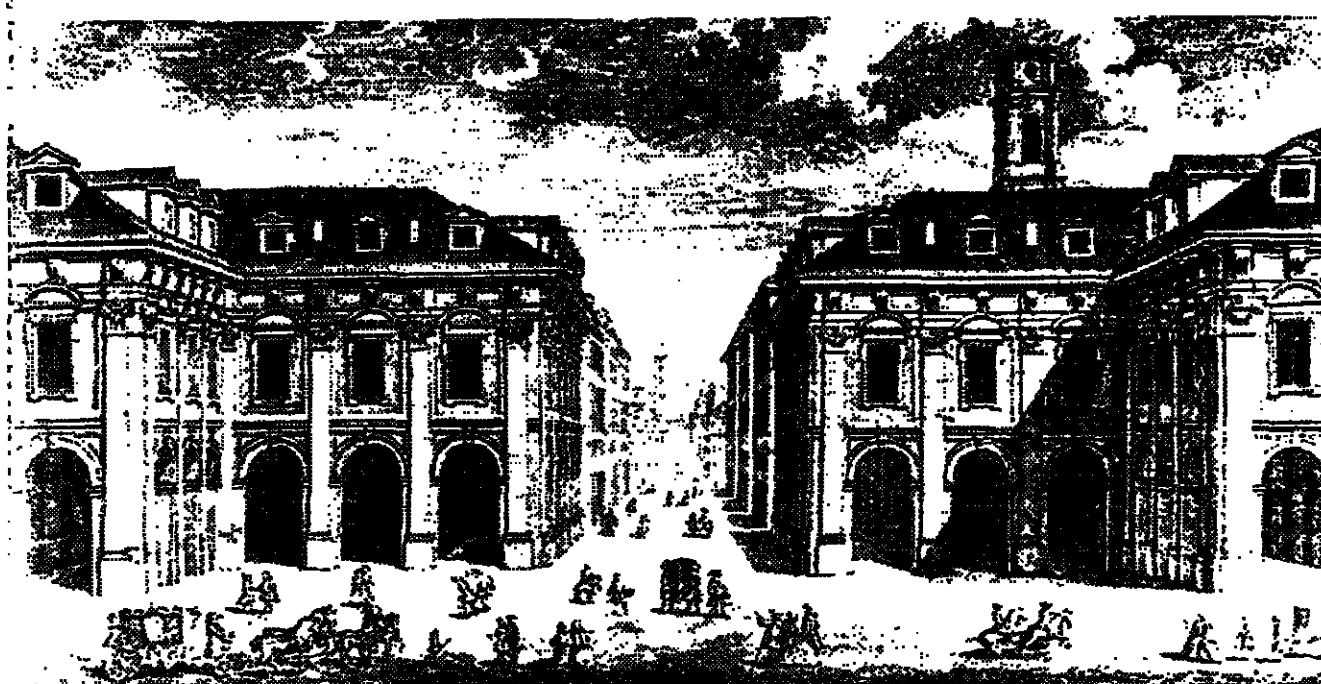
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ART



View of military barracks in Turin as part of the exhibit on the architect Filippo Juvarra.

Turin's Tribute to Baroque Architect

By Roderick Conway Morris
International Herald Tribune

TURIN—This summer Turin's municipality's culture department recruited hundreds of school-age volunteers to go into the city to distribute leaflets describing its monuments and museums. Even though this was in a period when tens of thousands leave Turin on vacation, visits rose by nearly 30 percent.

This initiative was just one of a series instituted by Ugo Perone, a philosopher and now the city's culture chief, and a group of like-minded fellow citizens. They have come to realize that, especially since a high proportion of today's inhabitants are immigrants or the children of the immigrants who came to the industrial north from southern Italy in the 1960s and 1970s, many Turinese have little knowledge of the city's history and cultural traditions.

Given this new spirit of cultural revival, which has also produced new projects for the recuperation and revitalization of the city center, the current initiative, enjoyable and charmingly presented show at the Palazzo Reale "Filippo Juvarra: Architect of Capitals from Turin to Madrid 1714-1736" (which runs until Dec. 10) clearly has the dual purpose of encouraging the Turinese to discover their city as well as to illuminate the work of the greatest Italian exponent of the late Baroque, who more than any other architect conferred on Turin its distinctive and sophisticated style.

Not only was Juvarra personally responsible for laying out large parts of the city and constructing numerous churches, palaces, public and private buildings, but also by placing his stamp on the urban fabric he set a standard and tone that continued to influence his successors, leaving Turin's center with an appearance that is still agreeably harmonious without being oppressively uniform.

Born in 1678 in Messina, Sicily—which was then ruled by Spain—into a family of silversmiths, Juvarra took holy orders, but also trained in the family workshop. Thus not only did he become a master craftsman in his own right but, unencumbered by the responsibilities of domestic life, he was able to devote virtually every waking hour to his real passion and vocation, architecture.

It soon became evident that the young Juvarra was an exceptionally gifted draftsman, and local recognition of his talents

facilitated his move to Rome in 1703-4 to study architecture at the Accademia di San Luca, whose director was then Bernini's former pupil Carlo Fontana. In 1708, Juvarra entered the service of Cardinal Pietro Ottoboni, and it was through the stage sets designed for this powerful churchman's private theater in the Cancellaria Palace that Juvarra achieved wider fame.

In 1714, Juvarra was offered the opportunity of a lifetime when Victor Amadeus II of Savoy invited him to Turin. Following the treaties of Utrecht, which ended the War of the Spanish Succession, the dukedom of Savoy had just become a kingdom. Juvarra's brief was, in effect, to transform Turin from a provincial town into a European capital of international importance, an enterprise to which he devoted the next 20 years.

Juvarra's Roman years had left him with a perfect understanding of the interplay between the religious and secular in the absolutist states of his times. In Rome, he found himself in a theocratic state that projected and glorified itself through secular magnificence, whereas the challenge in Turin was to give outward expression to a secular dynasty glorified by religious magnificence and underpinned by contemporary theories of the divine right of kings.

In 1706, Victor Amadeus had climbed a peak to the west of the city to study the positions of the French and Spanish troops besieging Turin. The duke vowed to build a church dedicated to the Virgin Mary there if Turin survived the attack. The prayer was duly answered and it was one of Juvarra's first tasks to realize the sovereign's pledge in brick and stone.

THE resulting Basilica di Superga, with its noble dome and twin bell towers, is surely the most dramatic baroque church anywhere. The element of fantasy lent by its setting on top a 2,205-foot (735 meter) mountain was something that Juvarra evidently relished and even now, on a misty day with the sun glinting on it, this solid basilica can seem more like a hallucination than reality.

Indeed, although entrusted with projecting an image of royal pomp and circumstance, what is so engaging about Juvarra is that he never seems to have lost his sense of gaiety and lightness of touch.

As a person he was, by all accounts, congenial and good-humored, despite his workaholic tendencies. And his mercurial

inventiveness strongly emerges from many rapidly executed sketches which, along with his finished drawings and highly decorated wooden architectural models form the heart of the exhibition. (Juvarra preserved his own work with unusual care in a series of large albums, and more than 5,000 of his drawings have come down to us.)

Apart from being a builder on a grand scale, Juvarra was also a tireless designer of furniture and interior decor. No detail was too small to warrant his attention, which explains why his most accomplished works achieve an extraordinary sense of completeness.

TO realize his major projects, he summoned the best available painters, sculptors, wood carvers and stucco makers from far and wide. And, as the architect Gianfranco Griella, one of the show's curators, put it: "Juvarra was not only a brilliantly theatrical designer, but a superb director on site, managing to co-ordinate huge teams of artists and craftsmen, like the conductor of an orchestra. That's why the final effect of his buildings is of a single, entirely integrated composition, like an majestic organ going full blast with all the stops out."

In 1735, Charles Emmanuel III agreed to lead his "first architect" to Philip V of Spain to modernize Madrid. Juvarra's work conditions there were very different from those he had enjoyed before, and his problems exacerbated by the failure of his new employers to reimburse his travel expenses and pay his salary. They could not even be bothered to provide him with a carriage to visit the sites he was working on. He caught pneumonia after trudging back from one of them in freezing conditions and died in January 1736 less than a year after arriving.

The most successful Spanish structure to be realized according to his designs was the elegant garden facade of La Granja at San Idelfonso. His plans for the new royal palace to replace the Alcazar which had burned, were subsequently greatly modified. Yet, through his assistant Giovanni Battista Sacchetti, Juvarra posthumously continued to exert considerable influence.

Fortunately, not long before leaving Turin, Juvarra had at least managed to complete his most daring building of all, the billowing tent-like Palazzo di Caccia at Stupinigi, the grandest, most exotic and improbable hunting lodge in the world.

NEW YORK FASHION



At left, Ralph Lauren's shantung shirt dress; at right, Bill Blass's lace-applique dress.

A Palette of Brilliant New Hues

By Suzy Menkes
International Herald Tribune

NEW YORK—In racing-car red, ice blue and celadon green, American designers have been showing their colors. Bill Blass, Ralph Lauren and Oscar de la Renta all stayed true to themselves, and without challenging the course of fashion, painted it in bright new hues.

Ralph Lauren decided to make things a little racy in his spring/summer show. Inspired by the classic sports cars he collects, he made basic pieces—jackets, pants and especially dresses—zing with color. In a striking finale, the models stood in slender satin gowns like a box of crayons—turquoise, orange, peacock, coral, emerald, purple—while the black-clad designer took his bow.

That was symbolic of the way Lauren showed the screaming shades doused with black: bright jacket, bold panel in the side of a dress, leather jeans or just a primary-colored purse thrown into relief.

And, of course, there were soothing alternatives: classic navy and white for knits, pants and snugly fitted jackets; dresses like elongated polo shirts; shades of blue from the ocean depths for the dresses and pantsuits in New York's favorite shantung.

While playing with his paint box, Lauren didn't do too much drawing with his pencil. The silhouettes were repetitive, as shift dresses, zippered jackets or slim pants kept coming out in different fabrics or colors. But as an exercise in sharpening up the Lauren look, it was a strong collection.

Bill Blass had jazz on the soundtrack and orchestrated his collection with skill, from the crisp black and white notes for pin-striped knits or dog-tooth check tailoring; through a blast of bright coral, aqua and

yellow for simple dresses and jackets; to the finale of sweet pea colors.

Blass deftly embraces current looks, making the shift dresses that are on all the runways in a more forgiving sack shape. As a fresh way to dress for lunch, a white piqué collar lightens a navy sweater and the inevitable shantung coat is given a swing. Suits with box-pleated skirts looked a little stern. But Blass relaxed with loose shirts in shaded colors worn over slim pants. And to go with Jimmy Durante's razzmatazz, seductive dresses were made in fabric appliques of lace and sheer.

Oscar de la Renta played it cool—not just in the pale pastel colors, but also in the relaxed chic he brought to the runway.

Bill Blass, Ralph Lauren and Oscar de la Renta show their colors

replacing stiff summer suits with raw linen in tan and beige. Or making an evening statement out of sweaters and satin pants.

The heart of the collection was in simple dresses and jackets or pantsuits, the lines grazing rather than gripping the body and flat pumps adding to the sporty feel.

De la Renta's focus on pared-down style with minimal decoration or accessories was not quite convincing. The couture in his soul kept breaking through: elegant cocktail dresses with bouquet-of-flower pins; a djellaba top sparkling with embroidery; a finale of balloon sleeves, ruffling ruffles and gowns sprouting bows. But the designer had tacked to fashion's prevailing wind, without being blown off a course that his clients understand.

At Anne Klein, the mission of the designer Patrick Robinson is to bring the sportswear collection back to its client base. He did that well for day, with predictable pantsuits, trench coats and jackets. Dresses tucked on the bodice or softly wrapped had a modern femininity, but at night, things got girly, with fluffy dresses fluffed at the hem and silver screen goddess gowns.

The long, lean bronzed legs beneath the brief hemlines at Michael Kors spoke of summer. The crisp navy coats and white leather dresses that opened the show had a feel of the ocean. And sunshine broke through in the bright citrus yellow and orange colors. With simple sculpted shapes like shift dresses, boxy jackets or tunics and shorts, Kors offered appealing sportswear—but without any extra edge.

The small flower prints in Anna Sui's collection looked like Liberty, circa 1972. The designer, who usually has a kooky take on fashion, had interpreted too literally flea-market finds. Here were the two-tone shifts, madras dresses, zipper jackets and fitted flower-power shirts that could have been dredged from the depths of a thirtysomething's teenage closet. The fabrics creating wet-look knits or photo print dresses were new, but what should have looked hip, instead seemed drab, especially the sour khaki and muddy Madras that even made the swimwear sink.

But drab is oh-so-hip. Miu Miu, Prada's junior line, was yet another rendition of nonstyle as super-cool. Think of a nasty nylon housecoat in rust-brown, as worn by a sleazy massage-parlor attendant over visible sagging beige underpants. Or the dental hygienist from hell in a slippery zippered gown. Or a baggy dress in vomit green trailing over the knees. The program notes called it a study in uniforms. For fashion's in-crowd, that's for sure.

BOOKS

A THING OF STATE

By Allen Drury. 383 pages. \$24. Scribner.

Reviewed by Victor Gold

ALLEN Drury's "A Thing of State" is an angry book, set in what the author calls, with the understatement of a Ross Perot in full cry, "the hemorrhaging world of the closing year of the 20th century," a time when "a decade of American retreats from firm positions, of loud American threats followed by hesitant American actions, were coming home to roost."

In short, fasten your foreign-made seat belts, Allen Drury fans. Bad as things have been, they're about to get worse.

The year is 1998 and, thanks to a pusillanimous U.S. president, a timorous bureaucracy and a self-indulgent press

corps, the Western world is going to hell in a Middle Eastern handbasket.

A sadistic megalomaniac named Sidi bin Sidi bin Sidi (read Saddam) threatens to invade a small, oil-rich neighbor whose security is guaranteed by the United States. Another Gulf War looms, but with a difference: This time Sidi/Saddam, backed by a revived Soviet Union, has the Bomb. Four, in fact, which we are led to believe he is ready, willing, even eager to use.

Were this a Tom Clancy rather than an Allen Drury novel, we might hope for a Jack Ryan to save the day. But in Drury's Washington, there are no action heroes, only chronic talkers. Some wear white hats, others black, but oh, how they chatter—fulminating at National Security Council meetings, sermonizing at the United Nations, spritzing in overseas conference calls.

But wait: Why describe the bear when we can bring him in and let him growl? Here then, a sound bite from "A Thing of State," as Secretary of State Ray Stanley lays out the prob-

lem for his president:

"What we have to do," the secretary said, "is get rid of this dangerous assumption that's growing in the world, that you can jerk the United States around and get away with it. We've come dangerously close to letting that impression stand, on a number of occasions in the last two administrations, and we've got to stop it or it will be the death of us, in a pretty specific way. We've got to stop that before it comes back upon us a hundredfold."

This, incidentally, is the same president who, in a moment of supreme funk, is made to say, "When you look around the world, what do you see? One hell of a mess, one hell of an unrelieved, ghastly, (expletive) mess. How the hell are we ever going to get out of it?"

And that, unhappily, sums it up. Drury, as always, has a message to deliver, and does little to disguise it.

There are two subplots involving secondary characters, but by the third National Security Council meeting, they are all but abandoned, lost in the headlines—pages of headlines

—used to move the central plot along, e.g.: "Sidi Scoffs at U.S. as 'International Weakling, a Failure as a Friend, and a Joke as an Enemy.'"

Got the message yet? If not, here's one more sample.

Spin the wheel of recent history, the reader is told and "stop at almost any day—it will be a day of American ducking, dodging, weaseling, double-talk, retreat, and evasion of great power responsibility—anything to avoid biting the bullet . . . or whatever metaphor you want to use for having the simple guts to exercise American power as a great power must exercise it if it wishes to remain a great power."

This from Drury himself in his overheated prologue to "A Thing of State." Fair warning, I'd say, of what even the most devoted Drury fan will find in his 12th Washington novel since "Advise and Consent": one hell of a mess, one hell of an unrelieved, ghastly.

Victor Gold, national correspondent for Washingtonian Magazine, wrote this for The Washington Post.



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Magnificent jewellery, part of the Personal Collection of Princess Salimah Aga Khan, including this exquisite carved sapphire emerald and diamond brooch by Van Cleef & Arpels (part of a suite), is to be sold by Christie's at the Hotel Richmond, Geneva, on Monday 13th November 1995.

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A Worried Mood at Hong Kong Sales

HONG KONG—Seldom did the art market send back such an instant echo of the political worries of the moment as did this week's sales of Chinese art, with a heavy emphasis on porcelain, put together by Christie's and Sotheby's.

For years, the ascent of the Chinese communities outside China seemed unstoppable in this field as in other areas of

SOURIN MELIKIAN

the economy, with Hong Kong firmly in the driver's seat. When the Japanese receded into the background, following the art market crash in the fall of 1990, Hong Kong soon appeared to be taking over, no matter how different its aesthetic orientations might be.

This week, it was still operating as a major force, but a force on the retreat, concentrating on essentials and dropping much of what looked pleasing but replaceable. Hence a huge failure rate in both houses, which, depending on the sessions, ranged from one third of the lots to more than a half.

The sale that best summed it up was held at Sotheby's, on Tuesday when the Chinese ceramics and a couple of jades from the "Su Lin An Collection" were dispersed. A glance at the catalogue was enough to persuade old-timers that the so-called "collection" came from Japan—several objects had appeared more than once in art shows held in Japan.

Aesthetically, the group was too disparate, within a consistently high level of quality, to have been chosen by a private collector. It is hard to imagine what kind of man would want to own the most extraordinary "junyao" basin of the 13th century, some 14th-century blue-and-white vases remarkably vigorous in shape and design, a pale Yongzheng period (1723-1735) imitation of the genre, and a

"Famille-Rose" dish of the same period with pretty blossoming trees. Hard to imagine, that is, other than a dealer with a marvelous eye for the best in sundry categories. Some old-timers muttered the name Goro Sakamoto.

Two years ago, even last year, the gamble might have resulted in an unqualified success. On Tuesday, it was financially rewarding for Sotheby's which sold six pieces for 34.7 million Hong Kong dollars (\$4.5 million), but another 16 pieces found no takers.

Hong Kong retains the finest object by far, a 14th-century *meiping* or vase with high rounded shoulders and a short neck decorated in blue and white with floral and formal patterns. At a cost of 9.9 million Hong Kong dollars, the Tsui Museum of Art, founded by the businessman collector T.T. Tsui, added one more gem to its ceramic treasures, setting in the process a world record for Chinese blue-and-white porcelain.

But Hong Kong missed out on the stunning junyao basin of the 13th century which also set a record in its category at 6.07 million Hong Kong dollars. With its bold splashes of purple across the soft blue surface, this is one of the most beautiful Chinese porcelain vessels ever to appear on the market and, perhaps, the masterpiece of the entire Jun kiln production. Until recently, it would undoubtedly have gone to a Hong Kong buyer. Instead it was bought by Giuseppe Eskenazi of London, underbid by James Lally of New York.

As if he sensed a historic occasion, Eskenazi later moved in to snatch away the "Famille-Rose" imperial dish of the Yongzheng period (1723-1735) for 3.1 million Hong Kong dollars and a blue and white basin with lobed rim of the period (1573-1619). Here the price, 2.99 million Hong Kong dollars, largely exceeded Sotheby's high estimate. The basin, Eskenazi said in an interview, was unusually

well preserved without any of the chipping and fritting on the edges of the rim and the lobes that are common in Wanli wares.

Later, in the sale from various owners that followed, Eskenazi continued to buy objects which not long ago would have been fought over and eventually won by Chinese bidders.

This is not to say that Hong Kong collectors have given up. At intervals, they went after certain objects with fierce determination. But they had to be very special, of the kind that comes up once in a blue moon. Such was a rare pierced box and cover of the Wanli period, painted with 16 boys romping about in a garden. Remarkable for its pristine condition, it doubled its high estimate as a Hong Kong art lover went up to 570,000 Hong Kong dollars to get it. There were other cases. Each time the bidding was fast, precise, on target. There was no fishing around, for fun, as will happen in happier times.

WAS the Hong Kong mood catching? Buyers from other overseas Chinese communities, most notably the Taiwanese, appeared to take a similar line. A Yongzheng pear-shaped vase in a revivalist Ming style stirred them deeply. The pale (perhaps too pale) red dragon wiggling its way across blue-and-white scrolling motifs proved irresistible to a Taiwan dealer who paid a hefty 4.42 million Hong Kong dollars to get it. But when a collector, also from Taiwan, went after a celadon flask of a shape unrecorded in the Yongzheng period, he got it against the reserve, for only 1.45 million Hong Kong dollars. No one tried to challenge him in that strange atmosphere in which everyone seemed absorbed in their own thoughts.

Had it just been for Sotheby's sale, this could be construed as a passing reaction. But a day earlier at Christie's, the same mood had triggered a similar succession of

successes and failures. There was a heated contest over a rarity in a single owner collection mainly because Western bidders, including Eskenazi, jumped into the fray. The pear-shaped ewer, not a "rose-water sprinkler" as the catalogue states, is inspired by an Indian model (not "Near Eastern"). The wide rim at the opening, the straight spout rising at an angle from the lower part of the body, the bulging tip that crowns the top and, not least, the foot, are all typical. The art historical interest of the ewer is considerable if not its beauty. It is now headed for Taiwan at a cost to the collector of 6.07 million Hong Kong dollars.

But when a series of very good to not-so-good blue-and-white vessels came up, the mood of introspective disillusionment of the Chinese audience combined with the irritation of Western professionals at what they frequently saw as blatant overestimation wrought havoc. A majority of the early blue-and-white vessels went down unsold. The merest flaw was looked at with a critical eye.

When the beautiful bowl with four lilies of the Cheng Hua period valued at 3 to 4 million Hong Kong dollars came up, the attendance seemed to see nothing but the restored chip in the rim. Widely rumored to have been consigned by T.T. Tsui, it was perceived as a second best weeded out by a leading collector—and, this week, throw-aways were definitely not the order of the day. This one fell at 2.6 million Hong Kong dollars.

Another reputedly T.T. Tsui reject, a Xuande period moon flask, good but not great, fell for similar reasons.

Throughout, there was an eerie end-of-game feel, made worse by awareness that some great collections have already moved out of Hong Kong. It will take great sensitivity, in 1997 and beyond, to restore the morale of a collecting community that has done a lot for the Chinese artistic heritage.



Blue-and-white *meiping* vase sold for 9.9 million Hong Kong dollars.

'Gender of Art': Paris Exhibition Fails to Grapple With Real Issues

By Michael Gibson
International Herald Tribune

PARIS — The great 20th-century free-for-all on gender has had a tremendous impact on art. Practically the entire production of Marcel Duchamp hinges on the subject. So does that of Louise Bourgeois. So one is hardly surprised to see the Pompidou Center present a major, 450-item exhibition devoted to these issues: "Feminism: le sexe de l'art" (to Feb. 12).

The result, alas, is devastatingly disappointing.

The organizers gravely point out that the title refers not to "gender in art" but to "the gender of art" and go on to explain that (a) the old distinctions between genders are no longer valid and that (b) true art can only be feminine. In this they somehow fail to note that if (a) is true (God forbid!), then (b) must inevitably become meaningless.

Having declared that the show is not about the representation of sex in art, they have, in fact, done little more than line up the greatest array of human genitalia and related material ever displayed in a museum not otherwise specialized in such things.

The guiding concept of the show is both artfully hazy and dismally inadequate, and the whole thing grows increasingly depressing as one proceeds from one room to the next.

It is not so much the objects themselves that are depressing, however, as the growing awareness that they stand there divorced from the only things that might conceivably bring them to life—from any hint of joy, love or passion which seals a person's adhesion to life and to the sometimes painful peculiar-

ities of the individual human condition.

As a result, all that remains is a relentless and increasingly pointless accumulation of mostly symptomatic or clinical data.

That consecrated icon, Duchamp's "Great Glass," stands there in an approved copy. Those familiar with the work know that it constitutes (in the words of André Breton) a cynical representation of the sex act such as an "extra-human being" might have been led to understand it.

Bourgeois is represented by a large variety of works, smooth marbles and bronzes, a haunting environment, some tackily unappealing forms in plastic, and an impressive monumental piece mounted on railroad tracks at the entrance to the show (just next to Courbet's celebrated "Origine du monde"), which periodically extends and retracts and looks like nothing so much as a Jules Verne moon missile.

Duchamp was a brilliant, sensitive youth, fascinated by

women. He suffered deeply from his mother's indifference until, as he put it, he managed to achieve the same indifference himself. This he could only do by positioning himself in an almost extraterrestrial sphere of brittle, distanced irony.

Bourgeois on the other hand, was lastingly marked by the way her father humiliated her mother when he installed his young mistress in their home as the children's English teacher.

Both—as Lawrence Durrell put it in "Justine"—were deeply wounded in their sex, and found ways of dealing with this early and highly destructive experience through their art.

Duchamp was the pioneer of course: his earliest enigmatic work on the theme was begun in 1913. Since then, countless lesser wits have ventured into the field in increasingly explicit

ways. And while the works of Arp, Brancusi or Giacometti scattered here and there are eloquently allusive, most of the pieces we see become increasingly graphic and clinical without communicating much more than their creator's own poignant, sometimes terrifying, disarray.

Hans Bellmer, for instance, was a highly refined draftsman, and his insatiable obsession with young girls has produced a body of perverse but highly elegant work. Its very excesses, however, bespeak an ecstasy of pain and are surely not the manifestation of any new freedom.

Following Duchamp's lead, men and women artists, in shrill, painful or ironical rebellion against the laws and logic of gender, express, with varying degrees of irony and aggressiveness, their yearning to

drift, experimentally at least, across the border into the other gender—and the impossibility of doing so in an entirely satisfactory manner.

Most of these artists deal all the more ineffectually with the issues of gender that they seem to assume it is best approached as a materially, clinically observable "thing in itself." The only thing to be observed here, however, is the fetish around which they have been led to organize their suffering egos. And while this gives the measure of a certain contemporary anguish, it unfortunately fails to throw much light on its true causes.

The exhibition could have been all the more timely in a century marked by the obvious disruption of cultural patterns, a disruption that has sometimes scrambled communications be-

tween men and women. This is something the conceptors of the exhibition have chosen to ignore, just as they have rejected the idea that the manifestations of gender are not so much a matter of organs, secondary characteristics or accessories but rather one of interpretation and relationship, and that these cannot be comprehended without taking into account the cultural frame of reference of the persons concerned.

As a result, the symptoms of poignant disarray apparent in so much of this art, instead of being perceived as dangerously ambiguous appeals for love broadcast by people trapped in a labyrinth, are seized, turned away from their true import and brandished as the banner of a "new eroticism" and the pathetic symbol of a "new" sexual freedom.



Meret Oppenheim's fur-lined cup and saucer.

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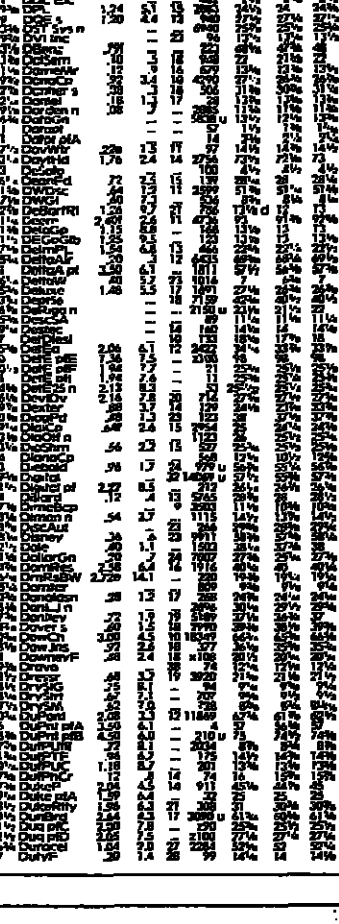
12 Month High/Low Stock	Div	Yld	PE	52 Wk High	52 Wk Low	Vol	Chg %
A-B-C							
12/27/91 11 1/2 AAR	.48	2.7	26	100	18	17 1/2	17 1/2
27/11/91 20 1/2 AAM	.63	2.7	26	100	18	17 1/2	17 1/2

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1976	1975	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1977	1976	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1978	1977	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1979	1978	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1980	1979	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1981	1980	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1982	1981	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1983	1982	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1984	1983	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1985	1984	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
1986	1985	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
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2007	2006	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
2008	2007	2.50	5.0	16	100	20 1/4	16 1/2	20 1/4	11 1/2
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CHOPARD BOUTIQUES: GENEVE • LONDON • HONG KONG • KUALA LUMPUR • SINGAPORE • TAIPEI

Model 6000

The Chopard 6000 is a masterpiece of watchmaking, featuring a round case with a bezel set with brilliant-cut diamonds. The dial is a masterpiece of horology, with a guilloché pattern and a date window at 3 o'clock. The watch is shown with its metal link bracelet, which is also set with diamonds.

The Chopard 6000 is a true masterpiece of watchmaking, combining traditional craftsmanship with modern design. It is a watch that is both elegant and sophisticated, and it is a watch that is truly timeless.

The Chopard 6000 is a watch that is truly unique, and it is a watch that is truly special. It is a watch that is truly beautiful, and it is a watch that is truly remarkable.

The Chopard 6000 is a watch that is truly exceptional, and it is a watch that is truly extraordinary. It is a watch that is truly outstanding, and it is a watch that is truly amazing.

The Chopard 6000 is a watch that is truly incredible, and it is a watch that is truly unbelievable. It is a watch that is truly astonishing, and it is a watch that is truly awe-inspiring.

The Chopard 6000 is a watch that is truly remarkable, and it is a watch that is truly extraordinary. It is a watch that is truly outstanding, and it is a watch that is truly amazing.

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Chopard

GENÈVE
depuis 1860



La Collection
CASHMIR

PARIS • ROMA • WIEN • NEW YORK • DUBAI
OSAKA • AND LEADING JEWELLERS WORLDWIDE

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Continued on Page 12

LUXURY AVENUES

WALK THIS WAY: A TOUR OF THE WORLD'S FASHION CENTERS

From New York to Tokyo, a guide to the streets that have it all.

What is a luxury avenue? There is certainly more than one street in every world capital where luxury boutiques, grand hotels and top-level restaurants can be found, but each large city seems to have one or two streets that symbolize and define its particular style.

Both natives and visitors promenade on these streets not only to see what's new and to shop, but also to be seen and admired, perhaps not for their Easter bonnets, as in the old song, but for their chic duds and long, long limousines. They eat in the posh restaurants and sleep in the grand hotels. Luckily, the rest of us still have the right to visit these streets as well.

While it is true that the same famous retailers tend to crop up on most of the luxury avenues, each one also exhibits the national characteristics and idiosyncrasies that make it unique.

The heart of London

On London's Old and New Bond Street, for example, you will find many of the big international names, including fashion houses Versace, Valentino, Chanel, Karl Lagerfeld, Christian Lacroix, Yves Saint Laurent, Hermès, Gucci, Cerruti, Donna Karan and Emporio Armani; jewelers Cartier and Tiffany; and footwear purveyors Joan and David.

But there are also many establishments on Bond Street that make it terribly British. The art auction houses Sotheby's and Phillips are located on Bond Street, which has been a trendy shopping attraction since early in the 19th century. Bond Street also features traditional British clothiers Salka, high fashion from Joseph, dress clothes from Caroline Charles, Britain-based designer Nicole Fahri and many other high-end establishments, including art galleries, antique dealers, art restorers and even fine chocolate shops.

Only in Japan

Japan's Ginza, even with a strong representation of names known round the world, could only be in Japan. Lined with store after store and buzzing with crowds of shoppers, this consumer's paradise features world-renowned names like Ralph Lauren Polo, Laura Ashley and Junko Shimada, but there are also Ginza Kunoya, which specializes in kimonos

and everything that goes with them, including sandals, socks, obi (sashes), wallets and bags; Nihonshu Center, where sake of every variety can be tasted and purchased; Toraya for traditional clothing for well-dressed Japanese boys and girls; and Yurakucho Seibu, a department store for those who follow the trends.

The Ginza, glowing with the bright lights of colored neon at night, is also the home of the famous Japanese department stores Mitsukoshi, Matsuzakaya and Matsuya, many of the city's top restaurants as well as more modest ones, and bars and beer halls.

Italian native sons

The vivacious Italian personality comes through in Milan's Via Montenapoleone and Via della Spiga, where fur-clad ladies buy not only from Italian native sons Versace, Valentino, Gianfranco Ferré, Fratelli Rossetti, Ferragamo, Prada, Fausto Santini and Moschino, but also from French imports Jean Paul Gaultier, Kookai, Marithé et François Girbaud and Louis Vuitton. The Italians cannot be beat for the quality of their fabrics, and even when the Milanese buy

from foreign designers, they are still supporting their own textile industry, which supplies many major fashion houses in other countries.

New York, of course, will always be New York, with its own brash personality, hectic pace and sporty style. On the famed Fifth Avenue, you'll still find the classic department stores Saks Fifth Avenue, Lord & Taylor and Bergdorf Goodman.

For diamonds and other bijoux, moviegoers know where to shop: Tiffany, which got some helpful publicity from Audrey Hepburn and Truman Capote, and Harry Winston, plucked by Marilyn Monroe in "Gentlemen Prefer Blondes" when she sang "Diamonds Are a Girl's Best Friend." Bulgari jewelers, though lacking in film credits, must not be forgotten.

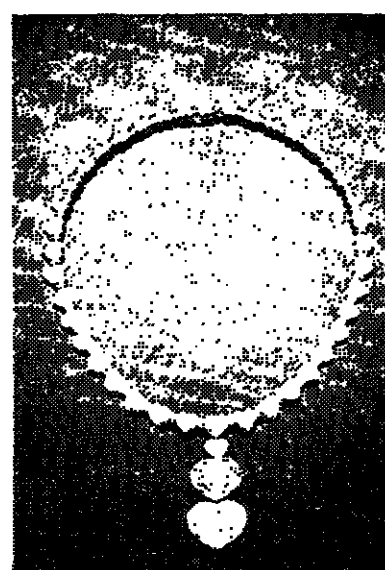
Famous names abound on Fifth Avenue: The Trump Tower offers a plethora of fine boutiques, including Cartier; and Christian Dior, Charles Jourdan and Gucci have shops on the avenue. And for kids and adults who never grew up, a visit to the fabulous flagship store of FAO Schwarz is an absolute must.

Heidi Ellison



Each of the world's capitals has its own distinctive style. Here, an example of classic Parisian elegance.

"LUXURY AVENUES" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: Heidi Ellison in Paris and Mary Krienke in Geneva. PROGRAM DIRECTOR: Bill Mahder.



For sale: Princess Salimah's "Begum Blue" necklace, worth \$7 million.

THE LIFE OF LUXURY: THE PRINCESS'S JEWELS

Among the announced highlights of the upcoming Geneva auctions, which take place the week of Nov. 13, are jewels from the personal collection of the beautiful Princess Salimah Aga Khan, ex-wife of His Highness Prince Karim Aga Khan. The princess is currently living in Switzerland. The Aga Khan, however, has won the first round of a legal battle in an effort to block the sale. She is appealing the court's decision.

The collection is described by Christie's experts as "the most sumptuous to appear on the market since the sale of the Duchess of Windsor's jewels." The most

outstanding single item is a fancy deep-blue 13.78-carat heart-shaped diamond, "The Begum Blue," one of two detachable pendants on a necklace of graduated heart-shaped diamonds.

The story has it that the necklace, originally created by Boucheron, was offered by the prince to his wife, who had the hearts reset more to her liking by Poiray. The necklace is valued at \$7 million. Princess Salimah plans to create a charitable foundation financed in part from the proceeds of this sale of 261 lots, whose estimated presale value is more than \$15 million.

Mary Krienke

PIECING TIME TOGETHER BY HAND

Piaget maintains the tradition of highly skilled watchmaking.

It is both reassuring and anachronistic that in this age of automation and cost-cutting, there still exists an idyllic spot in the Swiss Jura called La Côte-aux-Fées where master watchmakers assemble watches the old-fashioned way: by hand, using only precious metals.

Piaget - part of the Vendôme Luxury Products Group, which also owns Cartier and Baume & Mercier - prides itself on two points of uniqueness, according to Philippe Leopold-Metzger, deputy general manager: "Our manufacturing is totally integrated, that is, we make all our movements, cases and bracelets ourselves, and we work only in gold and platinum - no steel."

120th anniversary
Founded in 1874 by Georges Piaget, the company celebrated its 120th anniversary in 1994 with an exhibition at Geneva's Musée de l'Horlogerie that featured 200 of the most extraordinary timepieces Piaget has turned out over the years.

And today, even at a time of economic restraints, it continues to produce extraordinary watches, such as the new "Kanthara" model, set with over 300 perfectly cut diamonds, which costs 1.6 million Swiss francs (\$1.4 million) for the men's version. "The day you stop making exceptional pieces, your ability begins to disappear," says Mr. Leopold-Metzger. "The more we push our watchmakers to do out-of-the-world watches, the more they can do. It gives us extraordinary strength to excel. The company has never lost sight of its founder's credo: 'Always do better than necessary.'"

Flash and discretion

While richly jeweled showpieces have become a Piaget trademark, discreet gold watches with nary a jewel in sight constitute about 50 percent of production. It was Piaget that introduced the ultra-slim school of watchmaking with a 2 millimeter movement in 1956; this was subsequently refined to a mere sliver of 1.2 millimeters by the 1980s.

In line with Piaget's commitment to beauty, many of these movements are engraved and visible. The company also indulges in the high-wire virtuosity of what are known as "grandes complications," but it does not consider itself a high-tech specialist. The ratio of electronic to mechanical movements is approximately 50:50.

Piaget's diversification into haute joaillerie takes advantage of the high level of jewelry expertise on hand in its Geneva workrooms, which turn out watch cases and

bracelets and create the company's exquisitely crafted jeweled pieces. Jewelry currently accounts for approximately 10 percent of the company's turnover and is becoming an important contributor to its growth.

"Our jewelry not only creates synergy but enables us to reach a younger public," Mr. Leopold-Metzger says. Further expansion into products such as scarves, leather goods and perfume, however, is out of the question. "For today, and for the foreseeable future, watches and jewelry are all we do."

Low volume, high sophistication

Relatively small in terms of volume (20,000 watches a year, compared with an estimated three-quarters of a million at Rolex), Piaget pegs its growth on the sophistication both of its product line and its retail distribution. "If you compete in only one niche of the watch market, 18 carat gold watches exclusively, you still have to compete in all of its segments -

from sober men's watches to women's jewelry watches - and in all major markets," Mr. Leopold-Metzger says.

Piaget's greatest strength is in Asia, which has accounted for more than 50 percent of its turnover for many years. Its second-largest market is Europe, where the company is currently involved in broadening its exposure, particularly in Germany. The United States constitutes Piaget's third major market. "We have positioned ourselves as a luxury company with a concept," Mr. Leopold-Metzger says. "a concept that extends from our workshops through sales and service."

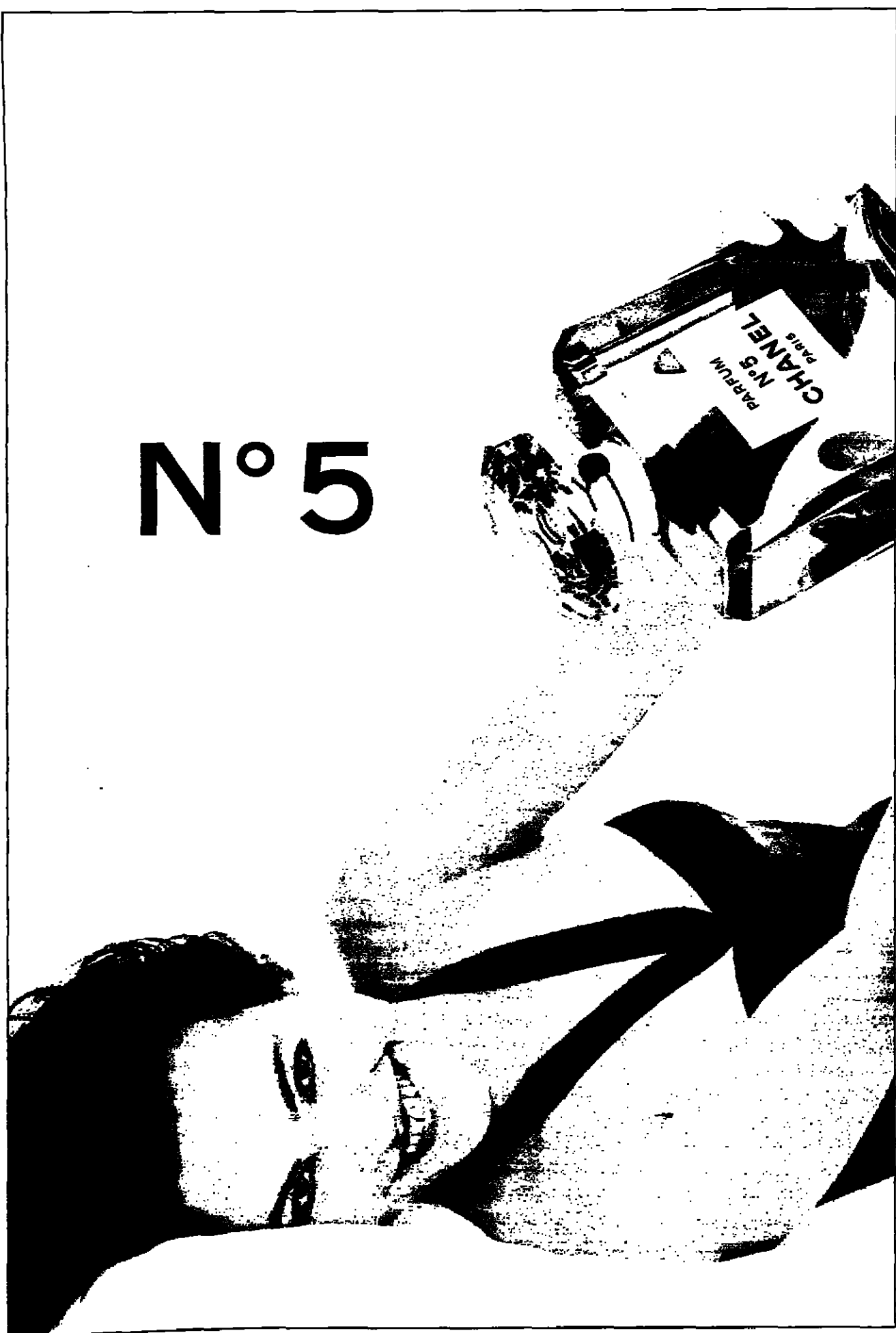
Distribution strengthened

Piaget is currently in the process of strengthening its distribution by eliminating marginal sales points, expanding the number of Piaget boutiques from the present seven to 20 by 1999 and adding new "Espace Piaget" in-store shops at the rate of 15 per year.

Both boutiques and shops-within-shops are decorated in the company's signature lapis blue and wood. "Because our products are expensive, we have to project a high image," says Mr. Leopold-Metzger.

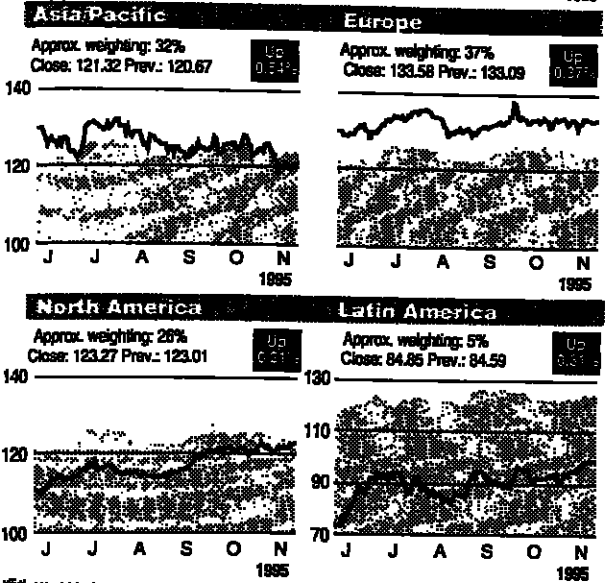
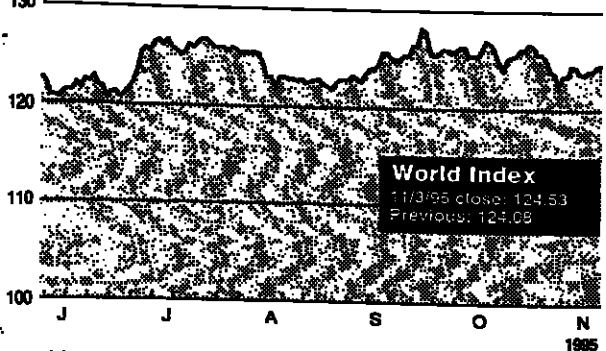
Piaget's position as a luxury company with a concept is given strong visual expression in its new advertising campaign. The print ads feature black and white portraits of individuals with exceptional faces by celebrated photographer Richard Avedon, balanced by an extreme close-up of a Piaget watch. The headline is a simple statement: "Exceptional Character."

M.K.





THE TRIB INDEX: 124.53
International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industry	PL	PL	%	Industry	PL	PL	%
Energy	124.13	123.39	+0.60	Capital Goods	133.70	133.02	+0.51
Utilities	123.54	122.87	+0.55	Raw Materials	140.53	139.82	+0.51
Finance	115.26	114.83	+0.37	Consumer Goods	129.03	128.96	+0.05
Services	116.11	116.17	-0.05	Miscellaneous	135.96	134.34	+1.21

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

The Confusing Art of Rating Cars

Chrysler and Kerkorian Differ on Interpreting Data

By James Benett
New York Times Service

DETROIT — A perverse computer can vaporize hours of work; a bad pair of contact lenses can strain the eyes. But a flawed car can do untold damage to the body or psyche.

What intricate, vulnerable products they are: aggregates of some 30,000 bits and pieces, wracked by thousands of explosions a minute, abused by weather and roads, controlled by one frequently neglected mind.

Yet the disturbing truth is that customers and investors cannot pin down the quality of any model or company. Although the industry says it has made great strides in measuring itself, its public benchmarks of "quality" — surely the most overworked, elastic term in the business — are incomplete.

This foginess is enveloping the dispute between Chrysler Corp. and Kirk Kerkorian, its largest private shareholder. Mr. Kerkorian and his proxies have seized on Chrysler's reputation for shoddy vehicles as a wedge to split institutional investors from management, and perhaps to separate some managers from their jobs.

It is a handy tool, since Chrysler vehicles have been tarred for decades with an image for fits that don't, finishes that aren't, and little engines that can't. But company executives say this corrosive reputation is outdated.

Each side supports itself with popular

yardsticks of quality. Spokesmen associated with Tracinda Corp., Mr. Kerkorian's company, use them to bash Chrysler's cars; spokesmen associated with Chrysler use them to praise its light trucks and boast about how much better its cars score as they age. Chrysler also argues that the numbers do not reflect buyers' enthusiasm, which it says outweighs the aggravation caused by its, wind noise or hard-to-adjust headrests.

The trouble is, neither side can prove its case, resulting in a standoff that will probably work to management's advantage. As Chrysler marshals its counterarguments, the dispute seems likely to blur, leaving Mr. Kerkorian without the cut-and-dried case that investors may insist on before ejecting managers.

Consider the most widely used measure, the Initial Quality Survey conducted by J.D. Power & Associates. Jerome B. York, Mr. Kerkorian's chief strategist, turns the survey against Chrysler, saying it shows that "Chrysler has the second lowest car quality among all manufacturers." Chrysler's cars did score a hefty 33 percent below the industry average for 1995 models.

Chrysler prefers to emphasize other findings: that its light trucks scored slightly better than average and better than those of Ford Motor Co. and General Motors Corp. Chrysler sells more minivans, sport utility vehicles and pickups than cars, and generally makes more profit on each one.

One reason for the low car scores is that

Chrysler, like other manufacturers, has trouble switching to new models, and it has overhauled its car line in the past three years.

But the debate ignores a basic issue: the Power survey, although widely used in news reports and advertisements, is not intended to measure how vehicles hold up, surely a crucial issue for customers. It scores vehicles after 90 days, long before mufflers fall off or ashtrays flop open.

The study is widely credited with forcing auto companies to improve. But long-term quality at Chrysler could be better, or much worse, than the numbers reveal.

Within the Power numbers, variation is small. The best car on this year's initial quality survey, the Honda Prelude, scored 48, meaning that of 100 Preludes sold, owners complained about an average of 48 defects; one of Chrysler's mediocre performers, the Dodge Intrepid, scored 130, far worse than the industry average of 103. Stated one way, this suggests that the Intrepid's quality is, appallingly, nearly three times as bad as the Prelude's.

But if each Prelude averaged 0.48 defects, and each Intrepid averaged 1.30, the gap averages out to about four-fifths of a defect. That is the same as the gap between Chrysler cars as a whole and those of Infiniti, Nissan's luxury division, which is the industry leader in the study. Four-fifths of a defect is doubtless enough to break some owners' hearts, but it may not be enough to sustain a shareholder revolt.

U.S. Jobless Rate Falls to 7-Month Low

The Associated Press

WASHINGTON — The U.S. unemployment rate dipped to a seven-month low of 5.5 percent in October, the government said Friday, as moderate gains in construction and medical services helped offset the effects of an aircraft manufacturing strike.

The Labor Department said that the jobless rate improved from the 5.6 percent level of the past two months. But analysts said the small improvement did nothing to change their view that economic activity was slowing after a summer spurt.

Nonfarm jobs increased by an estimated 116,000, slightly below expectations, and the government revised sharply downward its estimate for growth in nonfarm jobs in September to 50,000 from 121,000.

Katherine G. Abraham, commissioner of

the Bureau of Labor Statistics, said Friday's data reflected a labor market that was continuing "to expand at a modest pace."

Financial markets viewed the unemployment report as diminishing the chances for an interest-rate cut by the Federal Reserve Board. (Page 14)

Reports on Thursday that sales at retail chain stores had grown at the slowest pace in four years in October helped kindle hopes that the slow growth would give the Fed room to cut rates.

While the U.S. economy grew at a sizzling 4.2 percent annual rate from July through September, a number of recent reports have indicated that business activity was slowing to a more sustainable rate in the final three months of the year.

"It's steady as she goes," Robert B.

Reich, the U.S. labor secretary, said of the 5.5 percent jobless rate. "It's the 14th consecutive month below 6 percent, with no wage-push inflation in sight."

Robert Dederick, an economic consultant at Northern Trust Co. in Chicago, said the modest gain of 116,000 payroll jobs in October underscored the fact that economy was expanding at a moderate rate.

"The economy is slowing along," Mr. Dederick said. "It is no longer running amok as it was in 1994, but it is no longer threatening to die as it was in the early part of 1995."

Many analysts said the Fed would pass up the chance to reduce rates at its November meeting because of uncertainty surrounding federal budget negotiations but would trim rates at its December gathering.

German Leaders Call for Strong Currency Criteria

Compiled by Our Staff From Dispatches

BONN — A key ally of Chancellor Helmut Kohl stepped up the pressure for tighter membership requirements for European monetary union on Friday, saying Germany must not give up the Deutsche mark in any "experiments."

The advantages of a single currency would be undermined if European Union governments bow to calls for a weakening of existing requirements for membership, said Edmund Stoiber, prime minister of Bavaria. Mr. Stoiber is a leader of the Christian Social Union, which is part of Mr. Kohl's coalition.

Earlier this week, the opposition Social Democrats said the Maastricht treaty needed to be tightened up to protect the stability of an eventual single European currency.

Mr. Stoiber said he was concerned that the currency union could be endangered if the EU tried to get as many countries as possible into a single currency even if their economies were not performing to the criteria stipulated in the treaty.

Mr. Stoiber made the remarks in his inaugural speech as president of the Bundestag, the upper house of Parliament.

The six leading German economic institutes recently called for a lenient interpretation of the criteria regarding the member countries' deficits, to take account of economic swings.

"The convergence criteria, which must be applied strictly, must take precedence over the very ambitious timetable," Mr. Stoiber said, referring to the 1999 deadline for monetary union. The need for fiscal responsibility also applies after countries join, he added, backing government calls for a new treaty to ensure this.

Mr. Stoiber stressed that Parliament would insist on a formal vote on whether to swap the mark for a single currency, although Germany committed it-

self to this in the 1992 Maastricht treaty.

All EU member countries except Britain and Denmark agreed then to set up a single currency by 1999. Under the Maastricht treaty, countries taking part in the single currency have to reduce their deficits to no more than 3 percent of gross domestic product, and overall debt has to be no more than 60 percent of GDP.

Currently only Germany and Luxembourg meet the requirements.

Reinhold Jochimsen, a Bundestag council member, said Friday that even Germany may have some difficulty achieving the convergence criteria.

He said that after experiencing unification, Germany did not "have a normal fiscal policy situation."

He joined the chorus of German leaders who say the convergence criteria must be fulfilled over the long-term.

Ottmar Issing, the Bundesbank's chief economist, made remarks similar to Mr. Stoiber's, saying that the convergence criteria for monetary union were more important than the 1999 deadline.

Meanwhile, Hans Tietmeyer, president of the Bundesbank, said in a speech to bankers in Frankfurt that there must be binding agreements on fiscal policy after introduction of a single currency.

Finance Minister Theo Waigel also said Friday that his government thought the convergence criteria "will be applicable over the long haul and are not just entry requirements."

Mr. Waigel also termed wording on sanctions in the Maastricht pact "effective in holding economic policies of participating countries on a stability course after entry into a currency union."

"A country with unstable budgetary policies must expect sanctions," he said.

(AP, Bloomberg, Reuters)

ECONOMIC SCENE

Pay Discrimination Worsening for Blacks

By Jonathan D. Glater
Washington Post Service

WASHINGTON — Education may be the key to opportunity in America, but not necessarily equality. Despite the increased academic achievement of blacks in the United States over the past 20 years, those with college and graduate degrees have not matched the earnings of their white counterparts.

In fact, throughout the 1980s, the gap between hourly wages paid to blacks and whites with college educations or graduate degrees has widened, according to a recent study by the Economic Policy Institute.

According to the study, hourly wages of black men and women who have completed college or gone to graduate school have steadily decreased relative to the wages of their white counterparts.

Changes in the economy, the dwindling power of unions and a decline in enforcement of discrimination laws are behind the growing disparity, according to Jared Bernstein, the study's author.

Mr. Bernstein completed his research for the Economic Policy Institute before joining the U.S. Labor Department, where he is now deputy chief economist.

These changes have hurt the earnings of less well-educated blacks, too — but the growth of a gap affecting those with more education suggests that education does not cancel out discrimination, according to the study.

Hourly wages paid to black men with college and graduate degrees have fallen from nearly 102 percent of their white counterparts' wages in 1975, to 92 percent in 1993.

In 1989, black degree holders' wages were just 85 percent of white degree holders' wages. Wages paid to black women show a similar pattern, falling from 111 percent of white

See WAGES, Page 16

Brunei Prince Buys British Crown Jewels

Compiled by Our Staff From Dispatches

LONDON — Asprey PLC, the jeweler to Britain's royal family, said Friday it had agreed to a \$243.5 million (\$384.9 million) takeover by Amedeo UK, a firm that represents the interests of Jefri Bolkiah, the brother of the Sultan of Brunei.

Amedeo is to pay 250 pence per share, a 97 percent premium to Thursday's closing price of 127 pence. Asprey shares jumped 119 pence, to 246 pence, on Friday.

Mr. Jefri is the finance minister of Brunei; his brother, the country's ruler, is thought to control a fortune of about \$24.7 billion.

"I would be amazed if someone could pay a higher price," said Edward Bonham-Carter, manager of the Jupiter Tyndall U.K. Smaller Companies Fund, which owns Asprey's preference shares. "It's a good move for the company because they are selling to their major customers."

The Asprey family agreed to sell its controlling 51.7 percent stake in the business, which it founded more than 200 years

ago as a London dress-case maker.

A spokesman for Amedeo said the current management team would remain largely in day-to-day control of the group.

"In many ways this is like a private individual providing the funding for a management buy-out," he said.

John Asprey said he had known the Prince for many years and his backing would help the firm expand into international markets.

The company said Mr. Attallah, a Palestinian-born writer and socialite, had retired from the board and would be replaced by Ian Dahl.

Mr. Dahl, former head of the Australian fashion retailer Sportsgirl, was appointed his successor in August, but no handover date was specified.

Asprey, which opened its most famous store on Bond Street in London 1781, has been selling gems and furs to the rich and famous for centuries. (Bloomberg, Reuters)

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CURRENCY & INTEREST RATES														
Nov. 3														
Cross Rates														
	S	£	DM	FF	¥	₹	₪	₹	₹	₹	₹	₹	₹	₹
Australia	1.585	2.38	1.003	0.242	0.0095	—	5.47	1.394	1.204	1.11	1.29	—	—	—
Belgium	25.35	41.07	25.5	5.8	1.254	12.565	—	53.9	0.201	0.235	0.28	—	—	—
Canada	1.25	2.247	—	0.285	0.077	0.025	4.844	1.345	1.289	1.285	1.18	—	—	—
Denmark	1.097	—	2.248	1.254	0.242	0.0095	4.844	1.345	1.289	1.285	1.18	—	—	—
France	12.54	20.45	16.41	24.52	1.07	0.31	4.177	10.18	11.07	11.27	—	—	—	—
Germany	1.065	1.915	1.124	25.5	—	—	1.013	5.472	1.394	1.204	1.11	1.29	—	—
Italy	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Japan	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Spain	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Switzerland	—	—	—	—	—	—	—	—	—	—	—	—	—	—
UK	—	—	—	—	—	—	—	—	—	—	—	—	—	—
US	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nov. 3														
Eurocurrency Deposits														
	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU							
1 month	5% - 5%	4 - 4 1/4	2% - 2 1/4	6% - 6 1/4	6% - 6 1/4	7% - 7 1/4	5% - 5 1/4							
3 months	5% - 5 1/4	4 - 4 1/4	2% - 2 1/4	6% - 6 1/4	6% - 6 1/4	7% - 7 1/4	5% - 5 1/4							
6 months	5% - 5 1/4	4 - 4 1/4	2 - 2 1/4	6% - 6 1/4	6% - 6 1/4	7% - 7 1/4	5% - 5 1/4							
1 year	5 - 5 1/4	3% - 4% 1/4	2 - 2 1/4	6% - 6 1/4	6% - 6 1/4	7% - 7 1/4	5% - 5 1/4							
Sources: Reuters, Loyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).														
Key Money Rates														
	United States	Cash Price	British	Swiss	Yen	ECU								
Discount rate	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
Prime rate	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
Federal funds	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
3-month CDs	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
Comm. paper 180 days	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
3-month Treasury bill	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
1-year Treasury bill	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
2-year Treasury bill	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
5-year Treasury note	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
7-year Treasury note	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
10-year Treasury note	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
3-month interest	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
6-month interest	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
10-year GAT	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4	5% - 5 1/4								
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commercial Credit, Lombard.														
Gold														
	A.M.	P.M.	C/S											
Zurich	392.75	393.00	+0.25											
London	392.80	392.55	-0.20											
Amsterdam	392.90	393.10	+0.20											
US dollars per ounce, London official bid	410	410	—											
Japan's Zurich and New York opening and closing prices for March 1982 (Dac.)	410	410	—											
Sources: ING Bank (Amsterdam), Indesbank Bank (Brussels), Banca Commerciale Italiana (Milan), Agence France-Presse (Paris), Tokyo Telegraphic Royal Bank of Canada (Toronto), Agence France-Presse and AP.														

LUXURY AVENUES

WALK THIS WAY: A TOUR OF THE WORLD'S FASHION CENTERS

From New York to Tokyo, a guide to the streets that have it all.

What is a luxury avenue? There is certainly more than one street in every world capital where luxury boutiques, grand hotels and top-level restaurants can be found, but each large city seems to have one or two streets that symbolize and define its particular style.

Both natives and visitors promenade on these streets not only to see what's new and to shop, but also to be seen and admired, perhaps not for their Easter bonnets, as in the old song, but for their chic duds and long, long limousines. They eat in the posh restaurants and sleep in the grand hotels. Luckily, the rest of us still have the right to visit these streets as well.

While it is true that the same famous retailers tend to crop up on most of the luxury avenues, each one also exhibits the national characteristics and idiosyncrasies that make it unique.

The heart of London

On London's Old and New Bond Street, for example, you will find many of the big international names, including fashion houses Versace, Valentino, Chanel, Karl Lagerfeld, Christian Lacroix, Yves Saint Laurent, Hermès, Gucci, Cerruti, Donna Karan and Emporio Armani; jewelers Cartier and Tiffany; and footwear purveyors Joan and David.

But there are also many establishments on Bond Street that make it terribly British. The art auction houses Sotheby's and Phillips are located on Bond Street, which has been a trendy shopping attraction since early in the 19th century. Bond Street also features traditional British clothiers Salka, high fashion from Joseph, dress clothes from Caroline Charles, Britain-based designer Nicole Fahri and many other high-end establishments, including art galleries, antique dealers, art restorers and even fine chocolate shops.

Only in Japan

Japan's Ginza, even with a strong representation of names known round the world, could only be in Japan. Lined with store after store and buzzing with crowds of shoppers, this consumer's paradise features world-renowned names like Ralph Lauren Polo, Laura Ashley and Junko Shimada, but there are also Ginza Kunoya, which specializes in kimonos

and everything that goes with them, including sandals, socks, obi (sashes), wallets and bags; Nihonshu Center, where sake of every variety can be tasted and purchased; Toraya for traditional clothing for well-dressed Japanese boys and girls; and Yurakucho Seibu, a department store for those who follow the trends.

The Ginza, glowing with the bright lights of colored neon at night, is also the home of the famous Japanese department stores Mitsukoshi, Matsuzakaya and Matsuya, many of the city's top restaurants as well as more modest ones, and bars and beer halls.

Italian native sons

The vivacious Italian personality comes through in Milan's Via Montenapoleone and Via della Spiga, where fur-clad ladies buy not only from Italian native sons Versace, Valentino, Gianfranco Ferré, Fratelli Rossetti, Ferragamo, Prada, Fausto Santini and Moschino, but also from French imports Jean Paul Gaultier, Kookai, Marithé et François Girbaud and Louis Vuitton. The Italians cannot be beat for the quality of their fabrics, and even when the Milanese buy

from foreign designers, they are still supporting their own textile industry, which supplies many major fashion houses in other countries.

New York, of course, will always be New York, with its own brash personality, hectic pace and sporty style. On the famed Fifth Avenue, you'll still find the classic department stores Saks Fifth Avenue, Lord & Taylor and Bergdorf Goodman.

For diamonds and other bijoux, moviegoers know where to shop: Tiffany, which got some helpful publicity from Audrey Hepburn and Truman Capote, and Harry Winston, plucked by Marilyn Monroe in "Gentlemen Prefer Blondes" when she sang "Diamonds Are a Girl's Best Friend." Bulgari jewelers, though lacking in film credits, must not be forgotten.

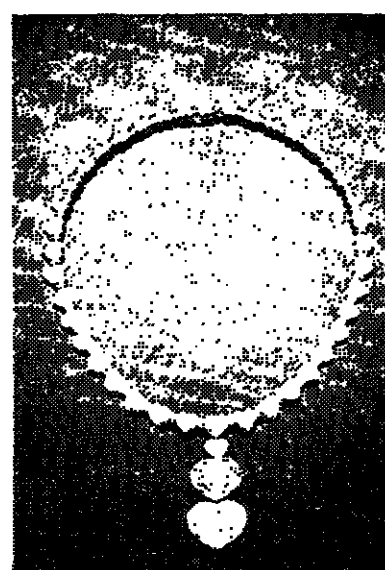
Famous names abound on Fifth Avenue: The Trump Tower offers a plethora of fine boutiques, including Cartier; and Christian Dior, Charles Jourdan and Gucci have shops on the avenue. And for kids and adults who never grew up, a visit to the fabulous flagship store of FAO Schwarz is an absolute must.

Heidi Ellison



Each of the world's capitals has its own distinctive style. Here, an example of classic Parisian elegance.

"LUXURY AVENUES" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: Heidi Ellison in Paris and Mary Krienke in Geneva. PROGRAM DIRECTOR: Bill Mahder.



For sale: Princess Salimah's "Begum Blue" necklace, worth \$7 million.

THE LIFE OF LUXURY: THE PRINCESS'S JEWELS

Among the announced highlights of the upcoming Geneva auctions, which take place the week of Nov. 13, are jewels from the personal collection of the beautiful Princess Salimah Aga Khan, ex-wife of His Highness Prince Karim Aga Khan. The princess is currently living in Switzerland. The Aga Khan, however, has won the first round of a legal battle in an effort to block the sale. She is appealing the court's decision.

The collection is described by Christie's experts as "the most sumptuous to appear on the market since the sale of the Duchess of Windsor's jewels." The most

outstanding single item is a fancy deep-blue 13.78-carat heart-shaped diamond, "The Begum Blue," one of two detachable pendants on a necklace of graduated heart-shaped diamonds.

The story has it that the necklace, originally created by Boucheron, was offered by the prince to his wife, who had the hearts reset more to her liking by Poiray. The necklace is valued at \$7 million. Princess Salimah plans to create a charitable foundation financed in part from the proceeds of this sale of 261 lots, whose estimated presale value is more than \$15 million.

Mary Krienke

PIECING TIME TOGETHER BY HAND

Piaget maintains the tradition of highly skilled watchmaking.

It is both reassuring and anachronistic that in this age of automation and cost-cutting, there still exists an idyllic spot in the Swiss Jura called La Côte-aux-Fées where master watchmakers assemble watches the old-fashioned way: by hand, using only precious metals.

Piaget - part of the Vendôme Luxury Products Group, which also owns Cartier and Baume & Mercier - prides itself on two points of uniqueness, according to Philippe Leopold-Metzger, deputy general manager: "Our manufacturing is totally integrated, that is, we make all our movements, cases and bracelets ourselves, and we work only in gold and platinum - no steel."

120th anniversary
Founded in 1874 by Georges Piaget, the company celebrated its 120th anniversary in 1994 with an exhibition at Geneva's Musée de l'Horlogerie that featured 200 of the most extraordinary timepieces Piaget has turned out over the years.

And today, even at a time of economic restraints, it continues to produce extraordinary watches, such as the new "Kanthara" model, set with over 300 perfectly cut diamonds, which costs 1.6 million Swiss francs (\$1.4 million) for the men's version. "The day you stop making exceptional pieces, your ability begins to disappear," says Mr. Leopold-Metzger. "The more we push our watchmakers to do out-of-the-world watches, the more they can do. It gives us extraordinary strength to excel. The company has never lost sight of its founder's credo: 'Always do better than necessary.'"

Flash and discretion

While richly jeweled showpieces have become a Piaget trademark, discreet gold watches with nary a jewel in sight constitute about 50 percent of production. It was Piaget that introduced the ultra-slim school of watchmaking with a 2 millimeter movement in 1956; this was subsequently refined to a mere sliver of 1.2 millimeters by the 1980s.

In line with Piaget's commitment to beauty, many of these movements are engraved and visible. The company also indulges in the high-wire virtuosity of what are known as "grandes complications," but it does not consider itself a high-tech specialist. The ratio of electronic to mechanical movements is approximately 50:50.

Piaget's diversification into haute joaillerie takes advantage of the high level of jewelry expertise on hand in its Geneva workrooms, which turn out watch cases and

bracelets and create the company's exquisitely crafted jeweled pieces. Jewelry currently accounts for approximately 10 percent of the company's turnover and is becoming an important contributor to its growth.

"Our jewelry not only creates synergy but enables us to reach a younger public," Mr. Leopold-Metzger says. Further expansion into products such as scarves, leather goods and perfume, however, is out of the question. "For today, and for the foreseeable future, watches and jewelry are all we do."

Low volume, high sophistication

Relatively small in terms of volume (20,000 watches a year, compared with an estimated three-quarters of a million at Rolex), Piaget pegs its growth on the sophistication both of its product line and its retail distribution. "If you compete in only one niche of the watch market, 18 carat gold watches exclusively, you still have to compete in all of its segments -

from sober men's watches to women's jewelry watches - and in all major markets," Mr. Leopold-Metzger says.

Piaget's greatest strength is in Asia, which has accounted for more than 50 percent of its turnover for many years. Its second-largest market is Europe, where the company is currently involved in broadening its exposure, particularly in Germany. The United States constitutes Piaget's third major market. "We have positioned ourselves as a luxury company with a concept," Mr. Leopold-Metzger says. "a concept that extends from our workshops through sales and service."

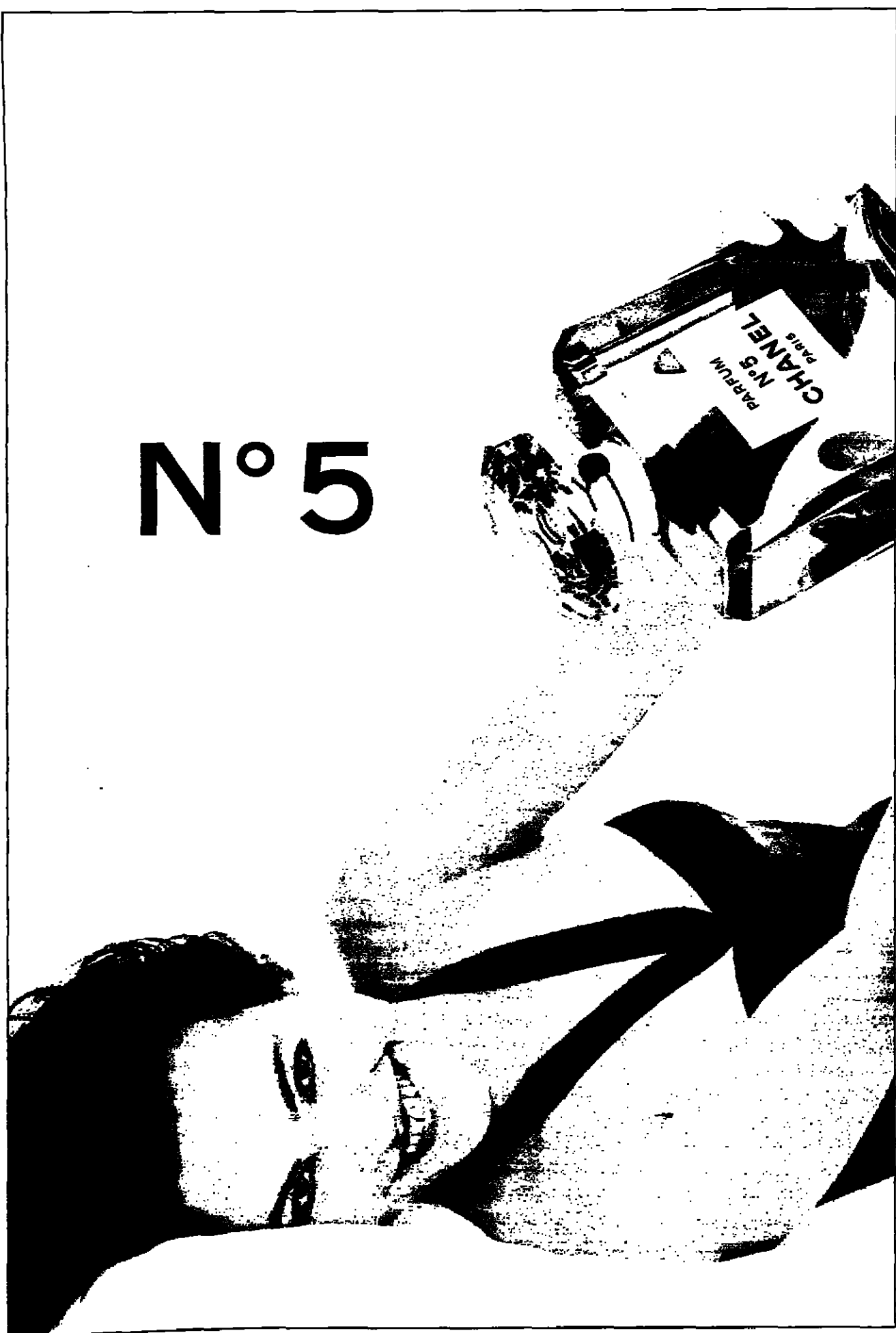
Distribution strengthened

Piaget is currently in the process of strengthening its distribution by eliminating marginal sales points, expanding the number of Piaget boutiques from the present seven to 20 by 1999 and adding new "Espace Piaget" in-store shops at the rate of 15 per year.

Both boutiques and shops-within-shops are decorated in the company's signature lapis blue and wood. "Because our products are expensive, we have to project a high image," says Mr. Leopold-Metzger.

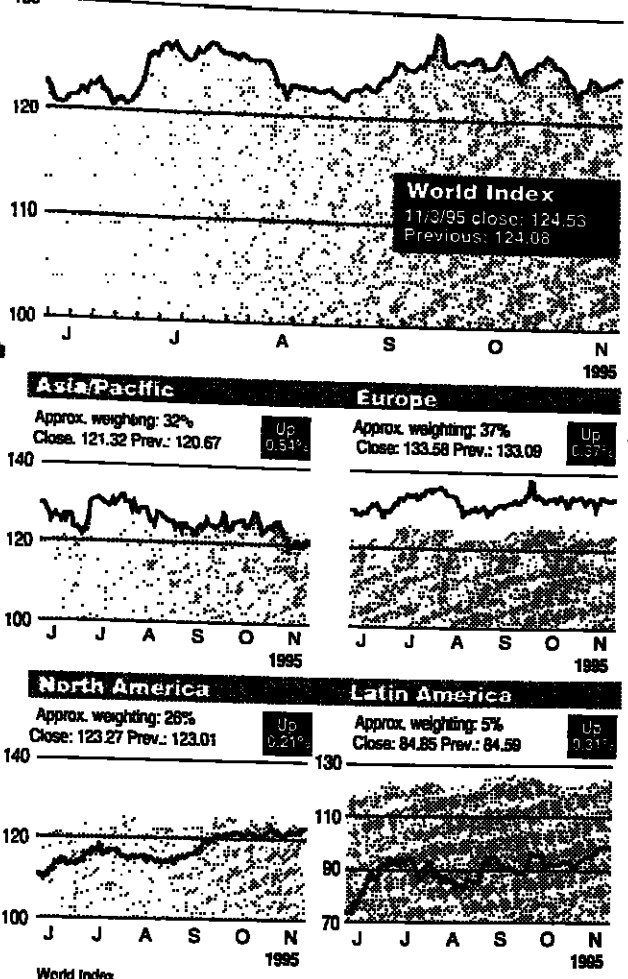
Piaget's position as a luxury company with a concept is given strong visual expression in its new advertising campaign. The print ads feature black and white portraits of individuals with exceptional faces by celebrated photographer Richard Avedon, balanced by an extreme close-up of a Piaget watch. The headline is a simple statement: "Exceptional Character."

M.K.





THE TRIB INDEX: 124.53
International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. Otherwise the ten top stocks are tracked.

Industrial Sectors							
	Ft. close	Prev. close	% change		Ft. close	Prev. close	% change
Energy	124.13	123.39	+0.60	Capital Goods	133.70	133.02	+0.51
Utilities	123.54	122.87	+0.55	Raw Materials	140.53	139.82	+0.51
Finance	115.28	114.63	+0.57	Consumer Goods	129.03	128.96	+0.05
Services	116.11	116.17	-0.05	Miscellaneous	135.96	134.34	+1.21

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

ECONOMIC SCENE

Pay Discrimination Worsening for Blacks

By Jonathan D. Glater
Washington Post Service

WASHINGTON — Education may be the key to opportunity in America, but not necessarily equality. Despite the increased academic achievement of blacks in the United States over the past 20 years, those with college and graduate degrees have not matched the earnings of their white counterparts.

In fact, throughout the 1980s, the gap between hourly wages paid to blacks and whites with college educations or graduate degrees has widened, according to a recent study by the Economic Policy Institute.

According to the study, hourly wages of black men and women who have completed college or gone to graduate school have steadily decreased relative to the wages of their white counterparts.

Changes in the economy, the dwindling power of unions and a decline in enforcement of discrimination laws are behind the growing disparity, according to Jared Bernstein, the study's author.

Mr. Bernstein completed his research for the Economic Policy Institute before joining the U.S. Labor Department, where he is now deputy chief economist.

These changes have hurt the earnings of less well-educated blacks, too — but the growth of a gap affecting those with more education suggests that education does not cancel out discrimination, according to the study.

Hourly wages paid to black men with college and graduate degrees have fallen from nearly 102 percent of their white counterparts' wages in 1975, to 92 percent in 1993.

In 1989, black degree holders' wages were just 85 percent of white degree holders' wages. Wages paid to black women show a similar pattern, falling from 111 percent of white counterparts' wages in 1975, to 92 percent in 1993.

See WAGES, Page 16

The Confusing Art of Rating Cars

Chrysler and Kerkorian Differ on Interpreting Data

By James Benner
New York Times Service

DETROIT — A perverse computer can vaporize hours of work; a bad pair of contact lenses can strain the eyes. But a flawed car can do untold damage to the body or psyche.

What intricate, vulnerable products they are: aggregates of some 30,000 bits and pieces, wracked by thousands of explosions a minute, abused by weather and roads, controlled by one frequently neglected mind.

Yet the disturbing truth is that customers and investors cannot pin down the quality of any model or company. Although the industry says it has made great strides in measuring itself, its public benchmarks of "quality" — surely the most overworked, elastic term in the business — are incomplete.

This foggy environment is enveloping the dispute between Chrysler Corp. and Kirk Kerkorian, its largest private shareholder. Mr. Kerkorian and his proxies have seized on Chrysler's reputation for shoddy vehicles as a wedge to split institutional investors from management, and perhaps to separate some managers from their jobs.

It is a handy tool, since Chrysler vehicles have been tarred for decades with an image for fits that don't, finishes that aren't, and little engines that can't. But company executives say this corrosive reputation is outdated.

Each side supports itself with popular

yardsticks of quality. Spokesmen associated with Tracinda Corp., Mr. Kerkorian's company, use them to bash Chrysler's cars; spokesmen associated with Chrysler use them to praise its light trucks and boast about how much better its cars score as they age. Chrysler also argues that the numbers do not reflect buyers' enthusiasm, which it says outweighs the aggravation caused by, say, wind noise or hard-to-adjust headrests.

The trouble is, neither side can prove its case, resulting in a standoff that will probably work to management's advantage. As Chrysler marshals its counterarguments, the dispute seems likely to last, leaving Mr. Kerkorian without the cut-and-dried case that investors may insist on before ejecting managers.

Consider the most widely used measure, the Initial Quality Survey conducted by J.D. Power & Associates. Jerome B. York, Mr. Kerkorian's chief strategist, turns the survey against Chrysler, saying it shows that "Chrysler has the second-lowest car quality among all manufacturers." Chrysler's cars did score a hefty 33 percent below the industry average for 1995 models.

Chrysler prefers to emphasize other findings: that its light trucks scored slightly better than average and better than those of Ford Motor Co. and General Motors Corp. Chrysler sells more minivans, sport utility vehicles and pickups than cars, and generally makes more profit on each one.

One reason for the low car scores is that

Chrysler, like other manufacturers, has trouble switching to new models, and it has overhauled its car line in the past three years.

But the debate ignores a basic issue: the Power survey, although widely used in news reports and advertisements, is not intended to measure how vehicles hold up, surely a crucial issue for customers. It scores vehicles after 90 days, long before mufflers fall off or ashtrays flop open.

The study is widely credited with forcing auto companies to improve. But long-term quality at Chrysler could be better, or much worse, than the numbers reveal.

Within the Power numbers, variation is small. The best car on this year's initial quality survey, the Honda Prelude, scored 48, meaning that of 100 Preludes sold, owners complained about an average of 48 defects; one of Chrysler's mediocre performers, the Dodge Intrepid, scored 130, far worse than the industry average of 103. Stated one way, this suggests that the Intrepid's quality is, appallingly, nearly three times as bad as the Prelude's.

But if each Prelude averaged 0.48 defects, and each Intrepid averaged 1.30, the gap averages out to about four-fifths of a defect. That is the same as the gap between Chrysler cars as a whole and those of Infiniti, Nissan's luxury division, which is the industry leader in the study. Four-fifths of a defect is doubtless enough to break some owners' hearts, but it may not be enough to sustain a shareholder revolt.

U.S. Jobless Rate Falls to 7-Month Low

The Associated Press

WASHINGTON — The U.S. unemployment rate dipped to a seven-month low of 5.5 percent in October, the government said Friday, as moderate gains in construction and medical services helped offset the effects of an aircraft-manufacturing strike.

The Labor Department said that the jobless rate improved from the 5.6 percent level of the past two months. But analysts said the small improvement did nothing to change their view that economic activity was slowing after a summer spurt.

Nonfarm jobs increased by an estimated 116,000, slightly below expectations, and the government revised sharply downward its estimate for growth in nonfarm jobs in September to 50,000 from 121,000.

Katherine G. Abraham, commissioner of

the Bureau of Labor Statistics, said Friday's data reflected a labor market that was continuing "to expand at a modest pace."

Financial markets viewed the unemployment report as diminishing the chances for an interest-rate cut by the Federal Reserve Board. (Page 14)

Reports on Thursday that sales at retail chain stores had grown at the slowest pace in four years in October helped kindle hopes that the slow growth would give the Fed room to cut rates.

While the U.S. economy grew at a sizzling 4.2 percent annual rate from July through September, a number of recent reports have indicated that business activity was slowing to a more sustainable rate in the final three months of the year.

"It's steady as she goes," Robert B.

German Leaders Call for Strong Currency Criteria

Compiled by Our Staff From Dispatches

BONN — A key ally of Chancellor Helmut Kohl stepped up the pressure for tighter membership requirements for European monetary union on Friday, saying Germany must not give up the Deutsche mark in any "experiments."

The advantages of a single currency would be undermined if European Union governments bow to calls for a weakening of existing requirements for membership, said Edmund Stoiber, prime minister of Bavaria. Mr. Stoiber is a leader of the Christian Social Union, which is part of Mr. Kohl's coalition.

Earlier this week, the opposition Social Democrats said the Maastricht treaty needed to be tightened up to protect the stability of an eventual single European currency.

Mr. Stoiber said he was concerned that the currency union could be endangered if the EU tried to get as many countries as possible into a single currency even if their economies were not performing to the criteria stipulated in the treaty.

self to this in the 1992 Maastricht treaty.

All EU member countries except Britain and Denmark agreed then to set up a single currency by 1999. Under the Maastricht treaty, countries taking part in the single currency have to reduce their deficits to no more than 3 percent of gross domestic product, and overall debt has to be no more than 60 percent of GDP.

Currently only Germany and Luxembourg meet the requirements.

Reinhold Jochimsen, a Bundesbank council member, said Friday that even Germany may have some difficulty achieving the convergence criteria.

He said that after experiencing unification, Germany did not "have a normal fiscal policy situation."

He joined the chorus of German leaders who say the convergence criteria must be fulfilled over the long-term.

Ottmar Issing, the Bundesbank's chief economist, made remarks similar to Mr. Stoiber's, saying that the convergence criteria for monetary union were more important than the 1999 deadline.

Meanwhile, Hans Tietmeyer, president of the Bundesbank, said in a speech to bankers in Frankfurt that there must be binding agreements on fiscal policy after introduction of a single currency.

Finance Minister Theo Waigel also said Friday that his government thought the convergence criteria "will be applicable over the long haul and are not just entry requirements."

Mr. Waigel also termed wording on sanctions in the Maastricht pact "effective in holding economic policies of participating countries on a stability course after entry into a currency union."

"A country with unstable budgetary policies must expect sanctions," he said.

(AP, Bloomberg, Reuters)

Brunei Prince Buys British Crown Jeweler

Compiled by Our Staff From Dispatches

LONDON — Asprey PLC, the jeweler to Britain's royal family, said Friday it had agreed to a £243.5 million (\$384.9 million) takeover by Amedeo UK, a firm that represents the interests of Jefri Bolkiah, the brother of the Sultan of Brunei.

Amedeo is to pay 250 pence per share, a 97 percent premium to Thursday's closing price of 127 pence. Asprey shares jumped 119 pence, to 246 pence, on Friday.

Mr. Jefri is the finance minister of Brunei; his brother, the country's ruler, is thought to control a fortune of about £24.7 billion.

"I would be amazed if someone could pay a higher price," said Edward Bonham-Carter, manager of the Jupiter Tyndall U.K. Smaller Companies Fund, which owns Asprey's preference shares. "It's a good move for the company because they are selling to their major customers."

The Asprey family agreed to sell its controlling 51.7 percent stake in the business, which it founded more than 200 years

ago as a London dress-case maker.

A spokesman for Amedeo said the current management team would remain largely in day-to-day control of the group.

"In many ways this is like a private individual providing the funding for a management buy-out," he said.

John Asprey said he had known the Prince for many years and his backing would help the firm expand into international markets.

Naim Anallah, Asprey's chief executive, will not stay with the company.

The company said Mr. Artallah, a Palestinian-born writer and socialite, had retired from the board and would be replaced by Ian Dahl.

Mr. Dahl, former head of the Australian fashion retailer Sportsgrill, was appointed his successor in August, but no handover date was specified.

Asprey, which opened its most famous store on Bond Street in London 1781, has been selling gems and trunks to the rich and famous for centuries.

(Bloomberg, Reuters)

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Herald Tribune

CURRENCY & INTEREST RATES									
Nov. 3									
Cross Rates	Nov. 3	Nov. 2	% change	Cross Rates	Nov. 3	Nov. 2	% change		
Australia	1.5865	1.5865	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Belgium	20.36	20.36	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Canada	1.25	1.25	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Denmark	1.425	1.425	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
France	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Germany	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Italy	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Japan	123.84	123.84	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Netherlands	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
New Zealand	1.5865	1.5865	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Portugal	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Spain	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Sweden	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Switzerland	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Taiwan	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Thailand	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
UK	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
US	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Other Dollar Values				Swiss Franc	1.4810	1.4810	0.0000		
Canada	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
France	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Germany	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Italy	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
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Spain	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Sweden	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Switzerland	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Taiwan	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Thailand	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
UK	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
US	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Forward Rates				Swiss Franc	1.4810	1.4810	0.0000		
Canada	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
France	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Germany	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Italy	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Japan	123.84	123.84	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Netherlands	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
New Zealand	1.5865	1.5865	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Portugal	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Spain	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Sweden	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Switzerland	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Taiwan	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
Thailand	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
UK	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		
US	1.237	1.237	0.0000	Swiss Franc	1.4810	1.4810	0.0000		

EUROPE

ABB Daimler
Joins GE to Make
New Locomotives

Compiled by Our Staff From Dispatches
LONDON — ABB Daimler-Benz Transportation of Germany said Friday that it had reached agreement with GE Transportation Systems of the United States to jointly develop and produce a new generation of locomotives in a major new rail transport alliance.

German Output
Declined 1.9%
In September

Compiled by Our Staff From Dispatches
BONN — Industrial production in Germany fell 1.9 percent in September from August and was down 2.9 percent from a year ago, the government said Friday, adding to evidence that the economy is slowing.

Output was depressed by declines in capital goods, durable goods and consumer products. Holger Schmieding, an economist at Merrill Lynch Bank AG, said the data "could mean that gross domestic product was flat, if not slightly down in the third quarter."

A six-institute forecasting group last month scaled back its outlook for 1995 to a growth rate of 2.25 percent from an earlier estimate of 2.50 percent.

Economists said the appreciation of the Deutsche mark drove up the price of German exports. They said higher-than-expected wage increases had narrowed profit margins and put a damper on hiring.

The German employers' association, meanwhile, said sentiment in the chemical industry worsened in autumn. The association added that companies that had reported good half-year results reported a considerable "cooling down" since June.

(Bloomberg, AFP)

(Reuters, Knight-Ridder)

Transportation Systems is a unit of General Electric Co. The agreement, which strengthens cooperation between the two groups in their bid for the first high-speed rail service in the United States, would produce a family of new lightweight diesel electrical locomotives operating on alternating current.

The companies estimate potential sales of such locomotives at more than \$1 billion between now and 2000.

"The locomotives will be modular and can be adapted to customer needs worldwide," an ABB Daimler-Benz Transportation spokesman said, adding that they could be used for either freight or passenger transportation.

GE Transportation Systems is one of General Electric's 12 major businesses and the world's largest maker of heavy diesel locomotives. Its business is primarily concentrated in the United States.

Analysts said the agreement boded well for the group's chances in a bid for a \$600 million contract to build 26 trains for the U.S. railroad company Amtrak.

Last year General Electric, along with Raytheon Co. and General Dynamics Corp., joined ABB in a bid to supply trains to Amtrak that will be used on the Washington to Boston corridor.

Amtrak is expected to sign a contract for rail cars capable of speeds of up to 150 miles per hour (240 kilometers per hour) early next year.

GE will be responsible for power subsystems in locomotives, including engines, traction motors and control systems.

ABB Daimler-Benz Transportation will provide the overall mechanical design as well as platform, structures and braking systems.

David Calhoun, president of GE Transportation, said that his company saw the agreement as an opportunity to expand into regions beyond its concentration in North America.

(Bloomberg, AFP)

(Reuters, Knight-Ridder)

A Change of Guard at BA
Fate of USAir Link Looms as Key Issue

Compiled by Our Staff From Dispatches

LONDON — British Airways PLC on Friday named Robert Ayling to replace Sir Colin Marshall as chief executive officer, ending Sir Colin's 13-year tenure as the airline's key decisions about its U.S. alliance strategy.

Sir Colin, 61, will retain the chairmanship of BA, although in a non-executive position. The change takes effect on Jan. 1.

"I have had almost 13 exciting and stimulating years with British Airways," Sir Colin said. "I think now is an appropriate time and part of the natural order of things to hand over stewardship to a younger man."

Mr. Ayling, the airline's 49-year-old group managing director, had been the airline's No. 2 executive since 1993 and was being groomed to replace Sir Colin, analysts said.

Mr. Ayling, 49, was elevated to his current post when the former chairman, Lord King, retired early amid the fallout from a battle in which rival Virgin Atlantic Airways accused British Airways of waging a campaign of "dirty tricks."

The promotion of Mr. Ayling came earlier than many had expected and analysts said the reason could be the possibility that USAir Group Inc., the British airline's U.S. partner, may be bought by either UAL Corp.'s United Airlines or AMR Corp.'s American Airlines.

British Airways owns a 24.6 percent stake in USAir, and Mr. Ayling is one of three BA executives who also sit on the U.S. airline's 15-member board.

"Ayling is very impressive, and he's a tough negotiator," said Nigel Davies, an analyst with Panmure Gordon & Co. "It's highly probable that at the end of all this, British Airways will end up with a much bigger alliance in America."

BA shares closed up 9 pence, or nearly 2 percent, at 473 pence, its highest level since peaking at 484 pence in early 1994.

UAL's board will finish its study evaluating a USAir deal by Monday, and meet to discuss whether it should purchase the U.S.'s sixth-largest carrier on Nov. 13.

AMR has kept quiet about its intentions, but analysts say the airline also is carefully studying a possible purchase.

The talks hold risks for British Airways because few analysts expect either UAL or AMR to allow it to keep a stake in USAir if they go ahead with a purchase.

The airlines compete head-to-head on many trans-Atlantic routes.

A purchase would force British Airways to scramble for another partner in the lucrative U.S. market, essential to its goal of becoming a "point-to-point" airline that can deliver passengers seamlessly to any point in the world.

Sir Colin has recently been devoting more of his time to interests such as the Marketing Council, a group he founded last month that aims to promote higher marketing standards in British business.

He also is a board director on the New York Stock Exchange and director at British Telecommunications PLC and HSBC Holdings PLC.

(Bloomberg, AP)

(Reuters, Knight-Ridder)

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(Reuters, Knight-Ridder)

(Bloomberg, AP)

(Reuters, Knight-Ridder)

(Bloomberg, AP)

(Reuters, Knight-Ridder)

Cordiant
To Reduce
Debt With
Stock Sale

Compiled by Our Staff From Dispatches

LONDON — The British advertising group Cordiant PLC, seeking to restore financial order after a bitter parting company with co-founders Maurice and Charles Saatchi, said Friday it planned to raise £127 million (\$200 million) with a rights issue.

The company said it planned to use the proceeds of the cash call to reduce bank debt.

Analysts applauded the move, but Cordiant shares closed unchanged, at 84 pence, on the London Stock Exchange.

Under terms of the offering, existing shareholders will be offered the right to buy one new share at a discounted 60 pence for each share they now own.

"It stabilizes the financial position of the group," said Antony de Laming, an analyst at the London brokerage Panmure Gordon & Co. "It provides them with a more secure foundation to move ahead."

Cordiant, which has net debt of £138 million, added that it intended to replace existing loan facilities with new revolving credit facilities at a better rate than its existing one.

It is replacing the costlier part of the debt, on which it pays a high 3 percent points above London interbank offered rate, with a new credit facility of £163 million at a rate of 1.5 percent point over LIBOR.

Bob Seelert, chief executive, said that the moves would provide "a solid financial base for the group's future."

Analysts said the plan was a sign that Mr. Seelert, who was appointed four months ago, was coming to grips with problems that came to a head with the acrimonious departure of the Saatchi brothers and several top executives earlier this year.

The effects of the turmoil were evident when Cordiant posted a pre-tax loss of almost £30 million in the first half of 1995.

The Saatchis were driven out of the agency they created in the 1970s by a shareholder revolt and have formed a new agency.

(AP, Bloomberg)

(Reuters, Knight-Ridder)

(Bloomberg, AP)

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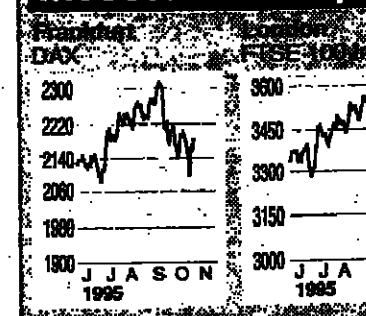
(Bloomberg, AP)

(Reuters, Knight-Ridder)

(Bloomberg, AP)

(Reuters, Knight-Ridder)

Investor's Europe



Source: Reuters

International Herald Tribune

Very briefly:

• Thomson Corp. of Canada said it sold Scotsman Publications to the Barclay brothers, Britain's reclusive 57-year-old identical twins. The price was not disclosed.

• Russia's atomic energy ministry said it signed agreements with the German electrical engineering company Siemens AG on the next stage of cooperation to develop a new generation of nuclear reactor. Siemens is helping Russia improve reactor safety.

• Russian inflation was 4.7 percent in October, down from 15 percent a year ago; inflation was 4.5 percent in September.

• Austria's gross domestic product increased 3 percent in 1994; growth was supported by investment and exports, as well as a healthier European Union economy, the government said.

• Spain's cabinet gave approval for the sale of 25 percent of Argentaia Corporación Bancaria de España SA; the government still holds a 50.7 percent stake in the bank. No date was set for the sale.

• Skoda Plzen AS, the Czech heavy-machinery and equipment maker, is to spend over 1 billion koruny (\$38 million) next year to raise capacity and reduce pollution at its steel operations; the company is in loan negotiations with the European Bank for Reconstruction and Development.

• Solidere, the Lebanese company leading Prime Minister Rafik Hariri's multi-billion dollar plans to rebuild Beirut, posted net profit of \$12.6 million for the first half of 1995.

• Legrand SA, a French maker of electrical fittings, said third-quarter sales rose 2 percent, to 2.47 billion French francs (\$504 million), from 2.42 billion francs a year earlier.

• Cukurova Elektrik, Turkey's biggest private-sector utility, is to be taken over by the government because of alleged violations of electricity-distribution rules; the company is owned by the Rumeli group, an opponent of Prime Minister Tansu Ciller.

• Bayer AG is to acquire the ion-exchange operations of Chemie GmbH of Eastern Germany and invest 150 million Deutsche marks (\$105.5 million) in the business. AFX, Bloomberg, Reuters

(AP, Bloomberg)

(Reuters, Knight-Ridder)

(Bloomberg, AP)

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AMEX

Friday's 4 p.m. Close

The top 500 most-active shares, up to the closing on Wall Street.

The Dow Jones Industrial Average closed at 5,951.14, up 1.14 points.

The S&P 500 index closed at 445.12, up 0.12 points.

The NASDAQ index closed at 1,111.11, up 0.11 points.

The NYSE index closed at 1,111.11, up 0.11 points.

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The NASDAQ index closed at 1,111.11, up 0.11 points.

China Postpones Issuing Bonds in U.S. Until 1996

Bloomberg Business News

NEW YORK — China has postponed plans to sell as much as \$500 million in bonds in the United States until early 1996, an investment banker familiar with the plan said Friday.

The sale, which had been slated for later this month, would represent China's second bond sale since February 1994. China borrowed from investors around the world last year when it sold \$1 billion in 10-year global securities.

The banker said the reason for the postponement was that China was reluctant to embark on what would probably be a long marketing mission so close to the end of the year, when money managers were typically less willing to buy new bonds as they prepared to book gains.

China had been expected to sell as much as \$500 million in so-called Yankee notes — dollar-denominated securities sold in the United States by non-U.S. issuers — in either one issue of 10-year notes or a combination of seven- and 20-year securities, through its Ministry of Finance.

China has registered with the U.S. Securities and Exchange Commission to issue up to \$1 billion in debt securities in the United States.

The issue is to be underwritten by Merrill Lynch & Co. and J.P. Morgan & Co.

Responding to the postponement, bankers said China was not shying away from the U.S. market, just waiting for a better time.

Still, some said, by putting off the sale, China was giving up the opportunity to sell bonds while borrowing rates were at their lowest levels in 21 months. The yield on the 10-year U.S. Treasury note, against which many corporate and Yankee issues are priced, is currently 5.9 percent, its lowest level since February 1994.

While rates could fall further in the months ahead, China runs the risk that they will rise instead, which would mean higher borrowing costs. Some in-

vestors said China may have to pay more to borrow no matter where rates are because of perceived political and other risks associated with owning the bonds.

"Investors are now more circumspect about China risk, as opposed to the rampant bullishness at the time of the previous issue," said Daniel Hemmant, a money manager at Guinness Flight Global Asset Management in Hong Kong.

The global bonds China sold last year, also underwritten by Merrill, were priced to yield 85 basis points more than the 10-year Treasury note, a return that some investors at the time said was not nearly enough to compensate for the risks they were taking in owning the bonds.

The spread, or gap between the yields of China's global bond and U.S. Treasury securities, widened to as much as 120 basis points in the weeks after the sale and never fully recovered. It widened as far as 176 basis points in January, when a sudden devaluation of the Mexican peso brought home the risks of emerging economies, causing the debt of many developing countries to lose value.

The spread on the bonds has since narrowed to about 100 basis points, thanks to lower U.S. interest rates and forecasts that inflation in China will meet the government's 15 percent target for this year.

Stock Firm Suspended
A Shanghai stock-comment phone service has been suspended after charges that it was spreading rumors that led to a market fall, the Shanghai Securities News said, Reuters reported from Shanghai.

The paper said it had also been found that the service, operated by Wanguo Stock Consultative & Research Center, a major Chinese stock consultancy, had not been correctly registered before it began operations. The Shanghai Securities News is run by the official Xinhua news agency and the Shanghai Stock Exchange.

The Transit System That Never Was

Delays and Breakdowns Keep Taipei's Metro Stalled

Reuters

TAIPEI — When it was announced that a metropolitan rail system would be built to ease Taipei's traffic nightmare, Tsai Yi-chin was a hopeful 21-year-old.

"I remember I said to myself, Taipei might never look like Paris or Rome, but at least its traffic would be as convenient as Hong Kong or Singapore when all these projects are completed," she said.

Now Ms. Tsai is 30 and utterly disillusioned. After nine years of messy construction work, accidents and government bickering, what was billed as the world's most expensive rail system is still not working.

"Look at what has happened — Taipei is ugly, inconvenient, and dangerous," she said.

With a population of more than 2 million, Taipei city's main roads are clogged for about four hours a day, particularly, as with most large cities, during the morning and evening rush hours.

Taipei has many buses and taxis, but they also get stuck in heavy traffic and are just as slow a means of transport as driving one's own car.

To help alleviate the problem, the government in 1986 devised a plan to build a total of 88 kilometers (55 miles) of railway — some underground and some overland — in and around the city.

When completed, the system was supposed to carry 74,000 passengers per hour and possibly run 16 hours a day.

Its planned \$18 billion budget would make it the world's most expensive rail system in terms of construction cost per kilometer, according to Taiwan's government.

But even the first part of the network — a 10.9 kilometer overland line originally slated to open in 1993 — remains inoperative because of a series of mysterious fires, burst tires on the trains and derailments during test runs.

The still-under-construction underground portion of the system does its best to snake beneath Taipei's roads and office blocks, but often erupts into above-ground building sites that only add to congestion. What is worse, tunnels col-

lapse every now and then, temporarily blocking roads and often severing gas, water and sewage pipes.

"This is a terrible, terrible nightmare," said Li Tse-chang, a college student. "I don't think we will ever get through this dark era and I am sick of hearing of more accidents."

Matra SA of France was selected to carry out a large part of the design and construction of the system and has been accused by the Taipei city government of taking its time.

The city has even claimed damages resulting from the delays and has filed a formal complaint against Matra in court.

Meanwhile, a senior official Taipei city government's Department of Rapid

The first part of the network — originally slated to open in 1993 — remains inoperative because of mysterious fires, burst tires on trains and derailments.

Transit Systems has acknowledged some mistakes by the city and said that original construction targets were unrealistic.

"If we had started the second line after the first one was completed, we could have avoided repeating a lot of mistakes and reduced many management problems," said Richard Chen, the deputy director of the transit department.

Asked to comment on a popular story that the rail system had ordered the most expensive refuse bins in the world, Mr. Chen said an order for bins costing more than \$1,000 each had been dropped in favor of one for cheaper bins costing \$305 each.

The transit department now says the long-delayed overland line should begin operating in early 1996. But the entire system is not expected to be finished until 2001, two years behind schedule.

Faced with growing public discontent, the government has ordered the creation of a special commission to oversee construction.

Citizens have also been concerned that all funds earmarked for the project were not being properly spent.

"We have to admit that a lot of public-construction contractors did not pay much attention to quality," said John Li, vice chairman of the government's Public Construction Board.

He said that many contractors had sacrificed quality for speed in an attempt to get the system up and running.

Investment Rules to Ease

Taiwan will soon relax some restrictions on investment in China by companies listed on the Taiwan Stock Exchange, allowing them to operate investment funds more freely, an official of the Taiwan Securities and Exchange Commission said Friday, news agencies reported.

Under current regulations, investment in mainland China by any listed company cannot exceed either its profits, or the amount of its assets minus its liabilities, or 20 percent of its capitalization.

The new rules, which are likely to take effect by the end of the month, will only restrict the investment to under 20 percent of the capitalization, a Securities and Exchange Commission official said.

"Our policy is to gradually loosen rules on economic exchanges with the mainland, so we are decreasing restrictions," the official said.

However, companies can only use funds already owned or funds raised abroad for China investments.

They cannot use funds raised in Taiwan for China investments, the official said.

"At this stage we still don't want the funds to go directly to the mainland from the domestic market," the official said.

Indirect trade between Taiwan and China in the first eight months of the year rose 34 percent from the year-ago period, to \$13.9 billion, Taiwan said.

(Reuters, Bloomberg)

Microsoft Will Make Chinese Software Locally

Bloomberg Business News

HONG KONG — Microsoft Corp. will make all its software for the China market in Shanghai, a company executive said Friday.

The world's largest software company will provide technical assistance and two

staff members for the Shanghai plant, the company's first in China, said Duh Jia-Bin, general manager of Microsoft's China operations.

A Chinese partner will provide more than 20 employees and manufacturing facilities under the cooperative agreement,

which was reached a few days ago. Details will be announced next week.

Microsoft already has more than 80 employees in China developing Chinese versions of its software and marketing its products. It has blamed widespread piracy for low revenues in the country so far.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
10000 9500 9000 8500 8000	2300 2200 2100	20000 19000 18000 17000 16000		
J J A S O N 1995	J J A S O N 1995	J J A S O N 1995		
Exchange	Index	Friday Close	Prev. Close	% Chang
Hong Kong	Hang Seng	9,855.80	9,749.38	+1.09
Singapore	Straits Times	2,097.28	2,089.38	-0.10
Sydney	All Ordinaries	2,051.60	2,059.00	+1.58
Tokyo	Nikkei 225	Closed	18,028.80	
Kuala Lumpur	Composite	924.50	923.52	+0.11
Bangkok	SET	1,244.80	1,244.52	+0.02
Seoul	Composite Index	988.74	994.68	-0.60
Taipei	Stock Market Index	4,819.99	4,826.64	-0.14
Manila	PSE	Closed	2,489.08	
Jakarta	Composite Index	488.32	486.48	+0.38
Wellington	NZSE-40	2,184.74	2,170.88	+0.64
Bombay	Sensitive Index	3,445.02	3,465.58	-0.59

Source: Telexkurs

International Herald Tribune

Very briefly:

- Asia Broadcasting & Communications Network Co. of Thailand said it has put four companies on a short list to supply the satellite it plans to launch with the government of Laos in 1998. They are Aerospaciale; Hughes Space & Communications, a unit of General Motors Corp.; Lockheed Martin Astro Space; and Space Systems/Loral. A decision is expected in January.
- Mahindra & Mahindra Ltd., Ford Motor Co.'s joint venture partner in India, said net profit rose 87 percent, to 738 million rupees (\$21.4 million), in the six months through Sept. 30 amid record production and sales of its utility vehicles.
- The Kuala Lumpur Stock Exchange said it would guarantee all shares traded on the bourse in response to rumors of widespread forgery of stock certificates.
- Unique Gas, a joint venture between Unique Gas and Petrochemicals of Thailand and Mitsui Corp. of Japan will start sales of liquefied petroleum gas cylinders in southern Vietnam at the end of the year.
- China plans to sell about 150 billion yuan (\$18 billion) worth of Treasury bonds in 1996, the same as this year.
- Indonesia's state-owned aircraft maker, PT Industri Pesawat Terbang Nusantara, said it had received 204 foreign and domestic orders for its N-250 turboprop aircraft, the official Antara news agency reported.
- STAR TV plans to make India a major base for future business in Asia. The Hong Kong-based satellite network is owned by News Corp.
- Loans by Taiwanese banks to all private businesses rose 10.2 percent, to 3.16 trillion Taiwan dollars (\$116.3 billion) in September from a year ago, marking the biggest percentage growth in three months, the central bank said.
- China is set to resume importing chemicals next year, now that inventory levels have subsided, an official said. China stopped importing chemicals in May.

Bloomberg, Reuters, Knight-Ridder

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WAGES: Discrimination Widens Against Black College Graduates

Continued from Page 13

women's wages in 1975 to 90 percent in 1993.

At the same time, blacks' scores on the Scholastic Aptitude Test for entry to colleges have steadily improved relative to whites' scores, according to the study. The average black test-taker's math score on the SAT was 72 percent of the av-

erage white test-taker's score in 1976 and had climbed to 78 percent by 1990; the average black test-taker's verbal score improved from 74 percent of the average white score to 80 percent during the same period.

Blacks in the 1990s have attended school for nearly as long as whites, closing another gap. But hourly wages have not reflected increased educational levels.

"Labor-market analysts expect those variables to go in the same direction," Mr. Bernstein said. "Education is supposed to be the great equalizer."

Sectors of the economy that used to employ black Americans in general, the study noted, have contracted as jobs in manufacturing have vanished; blacks have tended to move into lower-paying service jobs, where lack of seniority also has hurt them.

Unions, which in the past benefited blacks disproportionately because blacks were — and are — more likely to be members and more likely to face discrimination, are now weaker, so black employees' wages have suffered, according to Mr. Bernstein.

While black women could command a wage premium because they had more work-force experience than white women in the 1970s, that gap has eroded. And while black men probably enjoyed slightly higher wages simply because of

their scarcity in the work force, now there are more black men with college and graduate degrees in the labor market, so greater competition helps keeps wages down.

But discrimination plays a role in Mr. Bernstein's story, too.

He concludes that affirmative-action programs — anti-discrimination legislation forcing employers to increase or maintain, for example, the number of minority or female workers that they hire — should not be scrapped, as some congressional Republicans have maintained.

But other academics suggest that formal affirmative-action policies and programs are less the issue than are changing attitudes.

"There's just a declining belief in affirmative action," said John Bound, an associate professor of economics at the University of Michigan and author of a study similar to Mr. Bernstein's. While employers adopted affirmative action policies with some enthusiasm in the late 1960s and the 1970s, he said, now they are more sophisticated and know that they can get out of hiring minorities if they wish.

"How much do I put into getting around the law?" Mr. Bound said. "How much am I willing to let (race) influence me, or how much do I feel like I need to bend over backwards to not let that influence me?"

Rather than slackening enforcement of anti-discrimination laws, which Mr. Bernstein's study emphasizes, Mr. Bound blames a change in popular attitudes. "There is a growing amount of backlash" against minority populations, he said.

That sentiment means Mr. Bernstein's argument may not find sympathetic ears in today's Congress. But it is unclear whether the "backlash" is sparked by any real gains by well-educated blacks at the expense of whites, according to Mr. Bernstein.

Clinton Claims Credit
President Bill Clinton credits his defense of affirmative action as a key reason Republican leaders in Congress did not pursue a "wholesale repeal" of race- and gender-preference programs this year, The Associated Press reported.

In a discussion with a group of black newspaper columnists and editorial writers, Mr. Clinton declared Congressional inaction "one of the great victories we have won" in the affirmative-action debate. He speculated that Republican leaders dropped their plans to eliminate affirmative action because "they knew I would veto it."

"They didn't want to do any more to alienate the minority community," Mr. Clinton said. "I think they thought they were hung that string out enough."

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is managed by
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of the U.S. House
of Representatives.
The fund's
objective is to
provide investors
with a steady
stream of income
and capital
appreciation. The
fund is expected
to be a success.

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MONEY

FIRST COLUMN

Banking Secrecy's Other Face

DISCRETION, as anyone in the more fashionable neighborhoods of Geneva or Zurich will tell you, is the better part of banking. Better, that is, for the bankers: Their clients, however, are unable to judge how well one banker performs against another because of the shroud of banking secrecy. Thus can discretion act as a cover for ineptitude. How can investors call their advisers to account for shoddy investment performance if they have no point of comparison?

True, they have the external benchmarks, such as inflation: These are traditionally the absolute task masters of the discreet asset managers. Those who fail to beat inflation (usually retail-price inflation in the home country of the investor) are likely to lose business.

Investing Strategies

Page 19.
Stock-picking with \$250,000
Strategies of the super-rich
Making \$50,000 count for more

But in the investment world there are few problems that cannot be solved by being extremely wealthy. And even the pathological secrecy of the private banker can be overcome by vast amounts of cash. Specifically, you can easily make the comparison between private bankers if you have enough money to employ more than one. To do that you would have to have something closer to \$10 million than \$1 million to invest.

The situation for the smaller investor is, for once, surprisingly good. If you have \$50,000 to invest you will almost certainly be committing cash to the carefully measured and monitored world of the mutual fund. So you can compare performance, risk — and charges.

M.B.

The Money Report is edited by
Martin Baker

Timid, Bold or Risky: Three Scenarios for a Cool Million

By Aline Sullivan

WHAT to do with a million dollars? It is the stuff of daydreams for most people, but for a lucky few it's a real problem. Inheritance, a generous salary bonus, the sale of a family company or simply winning the lottery can force some big decisions.

The windfall millionaire has three broad investment options. The deeply risk-averse can put most of the money into government or corporate bonds. The more adventurous can play the stock market or invest in real estate. And the real gambler can seek to leverage his or her investment through derivatives or commodities, which may offer huge rewards but which also risk losing the lot.

Most investors will choose to play it safe, and what could be safer than a Swiss bank? Peter Rechsteiner, head of Credit Suisse's European investment advisory service in Zurich, reckons that investors can expect a return of about 8 percent a year on \$1 million with virtually no chance of loss.

He suggested keeping 80 percent of the money in dollars and converting the remainder into other currencies: 8 percent of the total into Swiss francs; 6 percent into Japanese yen, and 3 percent each into French francs and Dutch guilders.

"Depending on the client, we would keep 10 percent to 20 percent of the total dollars in cash and invest the rest in first-class corporate bonds with a life span of two to four years," Mr. Rechsteiner said. "Then we would diversify by investing the foreign currencies into four or five stocks."

This strategy assumes the million was originally in dollars. Investors who received the equivalent sum in another currency, he said, should keep 80 percent in that currency and convert the remainder into the other currencies, perhaps making some dollar investments.

Mr. Rechsteiner suggested Swiss pharmaceutical group Sanofi, German manufacturer Siemens AG, French utility Générale des Eaux SA and British-Dutch food group Unilever as likely choices for the conservative investor. Credit Suisse would monitor this portfolio for an fee of between 0.15 percent and 0.5 percent, depending on the work involved, plus a charge of 1 percent for each transaction.

Investors willing to spend a bit more for the prospect of better returns and a lot more excitement should consider investing their entire \$1 million in stocks, according to Jeremy Bairstone, head of research at NatWest Investments, the private client brokerage arm of NatWest Securities in London.

"Aggressive investors should be looking for the most upside potential at the least possible risk," said Mr. Bairstone. "Right now we believe they will find that in the Japanese equity market."

Although the country's major banks are struggling, and some — notably Nippon Credit Bank which has large bond repayments due — look decidedly shaky, the low value of the yen relative to other currencies is helping boost exports at many leading Japanese companies, particularly at electronic firms, which are benefiting from a booming market for microchips.

NatWest Securities expects the yen to drop to 110 against the dollar from its current level of about 100. Therefore, Mr. Bairstone advises, the bulk of any Japanese investment should go into big companies with substantial exports because these are the most likely to gain if the yen continues to decline. However, he added, a quarter or so of this share should be allocated to smaller companies, which should prosper as the Japanese economy improves.

"The Japanese equity market is characterized by momentum," Mr. Bairstone said. "If it starts to swing up more and more people will come in to the market, forcing stock values much higher."

A case could be made for putting the entire million into the Japanese market because the returns could be so high, he said. But as aggressive investment calls for some measure of restraint, investors should limit their exposure to 40 percent of the total.

Another 30 percent of the aggressive investor's million should be allocated to the British equity market, according to Mr. Bairstone. Even though the FTSE 100 index of leading British stocks is near its all-time high, the market should continue to benefit from corporate mergers and acquisitions until the next general election.

That leaves 30 percent in the aggressive investor's portfolio, most of which should go to the U.S. equity markets, Mr. Bairstone said. But he advised avoiding technology stocks, which he believes are currently overvalued.

"I have some concerns about the U.S. equities market right now and believe it would be safe to wait for the smoke to clear on the budget issues," he said. "But if we are really going to be aggressive, we should assume that the Congress and the president will get their act together and tackle the deficit."

"So invest in the financial sector and in leisure and media stocks, all of which should benefit from further consolidation in their industries," Mr. Bairstone suggested. In the banking sector alone, billions of dollars have been committed to mergers and acquisitions this year, news of which has been mostly welcomed by the stock market.

The last five percent of the aggressive portfolio should be allocated to emerging-market equities. Mr. Bairstone suggested Malaysia, where he expects substantial growth in the next few years, but said that most of the Pacific Rim markets would make a sensible choice.

If all goes according to plan, the aggressive investor stands to make as much as 40 percent in Japan over the next year, Mr. Bairstone said, with gains of 8 percent on the British and U.S. investments and at least 5 percent in the emerging market.

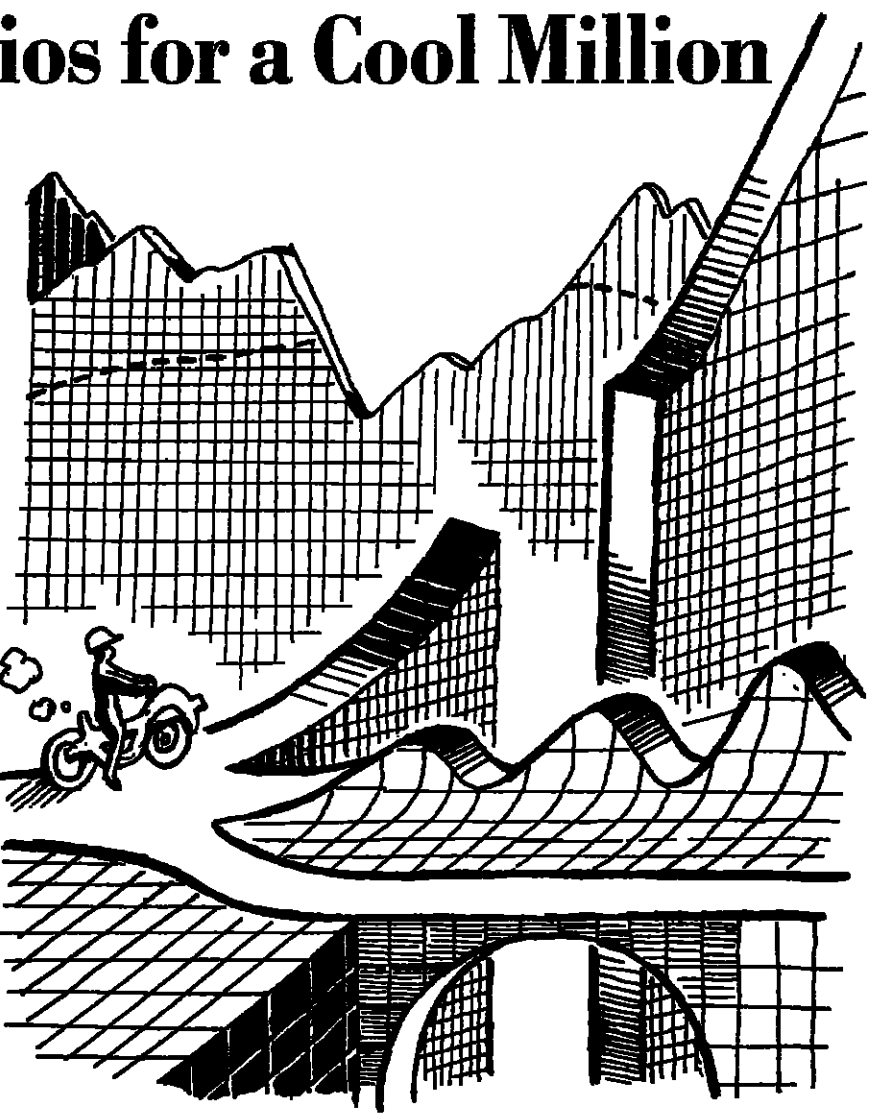
That's a total gain of \$214,000 to add to the original \$1 million, or almost three times the gain recorded by the conservative investor. Of course it would cost a good deal more: NatWest Investments would charge about \$12,300 including taxes to create and administer this portfolio. For a portfolio of this size it would waive the \$500 annual management fee.

BUT in every group of new millionaires will be someone who would wish only for another million or more and be willing to risk it all in that pursuit. For these irrepressible gamblers and for those for whom the one million represents just a fraction of their total assets, there are far more exciting ways to invest.

Keith Mullens, analyst at Smith Barney in New York, suggested using one quarter of the million to buy a leveraged position on the SOX index of leading U.S. semiconductor companies. The index, which is listed on the Philadelphia Stock Exchange, is extremely volatile, shifting by about 10 percent each week.

"That should be enough to keep people awake at night but if it's still not exciting enough, put another 25 percent in commodities futures and the remaining 50 percent in currency futures," said Mr. Mullens. "That should really get anyone's blood pressure racing." By buying futures, it is possible to leverage one's initial investment by as much as 100 percent, thereby massively increasing the potential gain.

Speculating at this level isn't cheap: Fees will total about 20 percent of any profits. In theory, investors leveraging their exposures to these three types of investments could double their money in a matter of weeks. Or they could lose the lot. Exposures to these two volatile markets should be reviewed at least every three months.



Three Ways to Manage \$1 Million			
	Cost	Potential annual return	Risk
Conservative portfolio	0.15% to 0.50% per year plus 1% on each transaction	About 8%	Minimal
40% cash 10% corporate bonds 20% blue chip stocks			
Aggressive portfolio	\$12,300	About 20%	Medium (less than 20%)
40% Japanese equities 20% British 20% U.S. 5% Malaysia			
Speculative portfolio	20% of profits	100%	Total capital
25% SOX index 25% commodities futures 50% currency futures			

Source: Credit Suisse, NatWest Investments

Drawing by David Sizer

BRIEF CASE

U.K. Firm Launches Latin Bond Fund

Latin lovers — or at least lovers of Latin debt — will be interested in the launch of a new high-dividend yield bond fund, listed on the London stock exchange. The Sovereign Debt Trust will be managed by Baring Asset Management and sponsored by U.K. stock brokers Greig Middleton. Its investments will consist mainly of sovereign (i.e., government-backed) debt, and at least 50 percent of the fund's value will be committed to the extremely secure Brady bonds, many of which are invested in Latin America. The fund will be listed in the tax-privileged domicile of Dublin. It will be denominated in dollars.

For more information, call Greig Middleton in London. (44 171) 392 4000.

Reaping a 'Peace Dividend' From Irish Companies

Capital Trust Financial Management is trying to reap a peace dividend, as well as capital gains, from Ireland. The Belfast fund manager is creating the Emerald Investment Trust, a closed-end fund that will buy shares in listed and unlisted companies based, or doing much of their business, in Northern Ireland and the Irish Republic.

Ireland — which Capital Trust calls "the Celtic tiger" — has been an economic stalwart among European Union states during the 1990s and has had one of the best-performing stock markets in the world this year. Investors at home and abroad have taken advantage of perceived rosier business prospects in the country now that the cease-fire by paramilitary groups in the north has stretched for more than a year.

Shares in the trust, which will trade in London and Dublin, will be priced at one pound apiece, or about \$1.60. One warrant to buy additional shares will be issued for each five shares held in the trust. The managers hope to raise between £15 million (\$24 million) and £40 million.

Shares can be applied for by calling Capital Trust in Belfast. (44 1265) 58500. There is no commission for buying shares before trading begins, but most investment trusts fall to a discount to their net asset value soon after they start trading. Potential buyers may therefore prefer to wait awhile.

Japanese Funds Take 'Bottom-Up' Approach

Morgan Grenfell has started two Japanese equity funds, one a U.K.-domiciled unit trust, denominated in sterling and targeted to British investors, the other an offshore fund

in yen aimed at most everyone else.

The fund managers take what is known as a bottom-up approach to investing, meaning they pick stocks they hope will outperform the market, rather than picking a market they hope will outperform other markets. Investing in Japan to try to do the latter would have been a dreadful mistake during most of the 1990s, as Japanese shares have done worse than most, even with the strong boost from a currency that has appreciated against most others.

The company's existing Japanese portfolios show a gain of 21 percent during the last five years, something it attributes to meticulous research, including 850 company visits the management team paid last year. The return is far better than the 7 percent loss in sterling terms of the key Nikkei 225 index during the same period but far worse than the returns of funds in other major markets.

The two funds carry a 5.25 percent up-front sales charge and a 1.5 percent annual management fee. The minimum investment for the British unit trust is £1,000, or about \$1,600; there is also a monthly saving plan with a minimum investment of £25. The offshore fund, based in Dublin, has a minimum investment of 150,000 yen, or about \$1,500; dealing can be done in sterling and dollars, as well as yen.

Fund facts via fax.

The International Herald Tribune iFAXFUNDS service is an instant response fax service bringing you fund information 24 hours a day, 7 days a week from anywhere in the world.

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Some funds and their codes...

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October Market Scoreboard			
Best Performers			
Prices October 31		% change	
New York Stock Exchange			
CSI Industries	31.125	31.05	
Computer Assoc Int'l	55.000	30.18	
First Interstate Bancorp	125.125	28.16	
Ray Networks	66.250	24.12	
San Microsystems	78.000	23.61	
Sybase	36.250	22.18	
Collins & Lytle	78.250	19.35	
Unit Group	13.625	18.48	
Digital Equipment Corp	54.000	18.38	
Danaher International	52.375	16.71	
Frankfurt Stock Exchange			
Boehringer-Werke	63.00	31.25	
Brenntag Kraft & Licht	100.00	17.86	
Hamburg Electric	387.00	8.10	
Less-Activewear	588.50	7.25	
Aschen & Munch-Luben Int'l	645.00	5.74	
Hoechst	412.00	4.90	
Sartorius-Gesellschaft Berlin	570.00	3.63	
Vig	875.00	3.59	
Kauffer Holding Vorzug	357.00	3.51	
Deutsche Continental	610.00	3.38	
Paris Stock Exchange			
CFR (Caf Paris, Rocompt)	608.00	75.88	
UAF (Compagnie)	378.00	13.94	
UAF (Compagnie)	127.00	12.09	
Sanofi	379.00	12.04	
Sanofi	1535.00	11.89	
Sanofi	243.00	11.88	
Sanofi	39.55	11.51	
Sanofi	210.00	11.11	
Sanofi	590.00	11.11	
Sanofi	1358.00	10.50	
London Stock Exchange			
TSB Group	3.725	35.21	

Aventures	2.870	33.29
Magal	34.25	17.46
United Chemical Group	5.210	35.52
United Chemical Group	8.839	34.41
Royal Bank of Scotland	5.136	14.40
North Sea	2.800	15.35
North Sea	2.790	12.90
Globe Wireless	5.820	11.21
Royal Insurance Holdings	3.619	10.26
Tokyo Stock Exchange		
Sunlight Star Corp	185.00	18.83
Shimizu Shoji Co.	866.00	17.49
Tohatsu Tomyoku Co.	69.000	14.59
Nissan Corp	960.00	14.29
Y&K Seiyu Co.	520.00	13.24
Daiichi Sankyo Ind Co	914.00	12.94
Daikin Chemical Co.	1050.00	12.78
Kellogg Milling Machine	357.00	10.38
Yokohama Specie Bank	1.000.00	10.38
Yoko Zinc Co.	353.00	10.26
World Performers		
Price October 31		% change
New York Stock Exchange		
K. Mart Corp	8.125	43.97
DSC Communications Corp	37.000	37.55
General Instruments Corp	10.000	36.67
Charming Shoppes	2.425	34.64
U.S. Tech Corp	12.625	28.57
Unify Corp	5.825	28.57
Brown Corp	15.500	28.25
BMC Software	50.000	22.22
Autocall Corp	7.750	21.59
Frankfurt Stock Exchange		
Brenner Vulkan Vorzug	45.00	27.39
Stadler Stahl	50.00	24.66
Wolfe Stahlwerk	778.50	24.36

Waco Vozing	774.00	34.12
Waco Vozing	265.00	32.24
Waco Vozing	592.00	22.25
Waco Vozing	126.50	21.91
Waco Vozing	100.10	21.81
Waco Vozing	139.00	20.81
Waco Vozing	178.00	20.00
Paris Stock Exchange		
Labinal	538.00	39.98
Labinal	292.00	36.24
Labinal	255.00	31.05
Labinal	250.00	19.02
Labinal	333.50	19.06
Labinal	172.00	17.24
Labinal	142.00	16.67
Labinal	73.00	16.62
Labinal	100.00	16.60
Labinal	252.00	16.29
London Stock Exchange		
T.S.N.	1.430	30.11
Corstent	0.980	19.83
Corstent	0.225	17.72
Corstent	1.500	15.73
Corstent	2.635	12.60
Corstent	1.285	12.60
Corstent	3.615	12.36
Corstent	2.730	12.36
Corstent	1.555	11.59
Corstent	1.805	9.92
Tokyo Stock Exchange		
Daiichi Bank	610.00	23.57
Daiichi Bank	500.00	21.74
Daiichi Bank	454.00	21.07
Daiichi Bank	367.00	17.88
Daiichi Bank	520.00	17.88
Daiichi Bank	1080.00	16.28
Daiichi Bank	1890.00	15.19
Daiichi Bank	276.00	14.94
Daiichi Bank	474.00	13.43
Daiichi Bank	508.00	13.26

Covered by Morning Starley Capital International. Prices in local currencies.

International Herald Tribune

Continued on page 18

THE MONEY REPORT

For Investors With \$250,000, Stock-Picking Is Answer

By Conrad de Aenlle

ASK a money manager to outline a strategy for investing the respectable sum of \$250,000, and you might be surprised by the answer. "That's a terrible amount of money," exclaimed Daniel Broby, head of international research for Quilter Goodison, the private-client fund management subsidiary of Commercial Union, a large British insurance company.

Investing \$250,000 can be more difficult than investing \$50,000 or \$1 million, the amounts of two other model portfolios in this section, because it is neither a large amount of money (in investment management terms) nor a small one.

A large portfolio can be divided among a number of individual securities, providing suitable diversification, in large enough quantities that transaction costs remain relatively negligible. In the case of the smallest portfolio, achieving diversification among asset classes and geographic regions would be difficult other than through investment funds, where dealing costs are usually low and their assets are already spread around many investments.

The cost of holding stocks internationally would be prohibitive at the \$250,000 level, Mr. Broby said. "That would be the minimum level from which to build an international portfolio."

Then there is the task of finding someone to help make allocation decisions. There is no shortage of people, notably private bankers, willing to help the filthy rich spend their money.

Those with a more modest amount to invest have a few options: They can favor one management company with the whole stake, or they can pick an umbrella fund, in which a manager at the fund provider or else the investor himself can divvy up the money among the various subfunds.

One option that is probably not open to them, however, is the private banking route. A middle-sized portfolio is too small for most private bankers to bother with, and

while a fund company would be happy to take in a \$250,000 investment, the investor might prefer to allocate among more than one company.

Stock brokerages, especially in the United States, offer what are known as wrap accounts, in which transaction costs and management fees are wrapped into a single annual charge. They often work with clients who have \$250,000 or so to commit, but critics have complained that the charges are excessive. These have tended to fall in recent years, though.

The portfolio managers and other professional investors who were asked to create model portfolios were given a difficult job to do. Each investor's circumstances are different, they pointed out. There is no such person as the generic international investor they were trying to allocate assets for. Even narrowing the focus considerably would not be enough.

"If I were told it was for a 30-year-old woman looking for growth, I'd have to know what her prospects are, why she's investing," explained Mr. Broby, who created one batch of portfolios. "Just to come up with a portfolio as such is difficult. If it were for a middle-aged couple desperate for income, none of these portfolios are the ones I would choose."

Mr. Broby and others were asked to create portfolios for investors who fall into three types of risk profile: conservative, aggressive growth and speculative. While these investors were all categorized as having an undefined international outlook, some latitude was given to tailor the portfolios to people living in each of three parts of the world: the Americas, Europe and Asia.

Because of regional and individual differences, the construction of model portfolios amounts to an academic exercise. The inclusion of particular assets should not be taken as recommendations of any of them.

Because all investors are different, most of the portfolios have deliberately been kept vague and include broad asset classes, rather than specific securities. Another reason for this, said Graham Wainer, executive director for funds management at

Private Bank and Trust Co., is that investment performance is determined mainly by "which markets you're in as opposed to which securities you actually buy. There are those guys who specialize in securities selection and those guys who specialize in asset allocation. We focus almost entirely on the asset mix."

At his company, an account of \$250,000, the minimum amount for an actively managed portfolio, would be handled by parceling the money out to specialist fund managers, another reason not to get too detailed.

The first step creating a portfolio is to get the geographic mix right. Fund managers at Fidelity Investments designed three sets of portfolios, for American, German and Hong Kong investors, to show the regional variations. As fund companies such as Fidelity shun the idea of speculation, the portfolios carry the labels "defensive," "balanced growth" and "aggressive growth."

The portfolios for Hong Kong-based investors created by John Cheung, who is in charge of private client portfolios for HSBC Asset Management, are also heavily skewed toward equities, even at the conservative end, reflecting the greater display by Asian investors and the strong, sustained growth of their economies.

"Over the past decade, we've witnessed significant economic growth of about 10 percent per annum in most Asian countries," Mr. Cheung said. "We expect this trend to continue."

He noted that Asians like to take the do-it-yourself approach to making investment decisions. They seldom put money into funds or use portfolio managers. This active approach to investing extends to buying property and putting money into small businesses. In the portfolios he created, which allocated among broad asset classes only, he assumed that the \$250,000 would be put entirely into financial assets.

The speculative portfolio concentrates further on Asian stocks. Mr. Cheung would put half the money into Hong Kong and 35 percent into other Asian markets. He would

keep 15 percent in cash.

Mr. Wainer concocted portfolios for European investors who use the Deutsche mark as their reference currency. He figures transaction costs would run at 2 percent per year maximum.

He explained that as the risk profile changes from conservative to aggressive growth to speculative, the concentration of each portfolio moves further along a continuum from cash to bonds to equities, then to the more esoteric investments — commodities, hedge funds and so forth.

The aggressive-growth portfolio reduces exposure to bonds and increases exposure to equities.

The speculative portfolio was the most difficult, he said, because such portfolios are "very independently tailored for each client. One man's speculative investment is another man's normal stuff." It includes no bonds and plenty of exotic choices, including commodities, unleveraged hedge funds and unquoted limited partnerships.

Mr. Broby targeted his portfolios, the most detailed of the lot, at international, dollar-based investors. All three are heavily weighted toward stocks, as his intention was to provide "100 percent exposure to equities with prospects for good, steady growth on an international basis" for all three risk profiles. He estimates that dealing costs would eat up 1.2 percent per year.

For all three portfolios, the biggest geographical allocation is to the United States, as would be expected, but Europe comprises a large percentage of each portfolio, too, especially the conservative one. Europe and the United States each receive 38 percent of its assets, with 14 percent placed in Japan and the rest in cash.

Why so much in Europe? To build a portfolio "on a global basis, you need Europe," Mr. Broby said. He noted, though, that the European companies he chose do business in many markets. "The companies I chose for the conservative portfolio are big international companies with big dollar exposure."

The conservative portfolio contains 15 multinational stocks, which Mr. Broby

Aggressive Growth Portfolios

Allocation of capital in aggressive growth investment portfolios of \$250,000

Quilter Goodison		Private Bank & Trust	
Equities Save and Prosper		Equities \$250,000 U.S.	
Japan Growth Fund	\$30,000	\$17,500 Britain	
Tokuyama	\$20,000	\$45,000 Europe excluding Britain	
DSC Communications	\$15,000	\$30,000 Japan	
Alcatel	\$15,000	\$15,000 Asia excluding Japan	
Motorola	\$15,000	\$17,500 Emerging markets	
Sun Microsystems	\$15,000	\$16,250 DM denominated	
Autoliv	\$15,000	\$21,250 non-DM debt (but	
Pacificare	\$15,000	hedged into DM using	
Stryker	\$15,000	forward contracts)	
Royal Bank of Scotland	\$15,000	Other: \$20,000 commodities	
Continuum	\$10,000	\$15,000 managed currencies	
Intel (warrants)	\$5,000	\$15,000 in leveraged hedge funds	
Netscape	\$5,000	\$12,500 DM deposits	
Wolfford	\$10,000		
British Airways	\$15,000		
Cash	\$35,000		
Fidelity Investments		HSBC Asset Management	
(U.S. dollar investors)		(Hong Kong investors)	
Equities \$75,000 U.S.		Equities \$75,000 Hong Kong	
\$40,000 Japan		\$50,000 Other Asia	
\$17,500 Britain		\$25,000 Japan	
\$30,000 Europe, excluding Britain		\$37,500 U.S.	
\$12,500 S.E. Asia		\$12,500 Europe	
Bonds \$75,000 U.S.		Bonds \$25,000 U.S.	
		\$25,000 Europe	

thinks is a bit thin. "From my point of view, managing money internationally, I would want more," he said. He stressed, too, that the portfolios represent his point of view alone, and not that of his company, which caters more to a British clientele than these well-traveled mythical investors.

Despite his misgivings, the portfolio seems to cover a range of industries, including consumer goods, financial services and cyclical assets such as oil, chemicals and capital equipment makers.

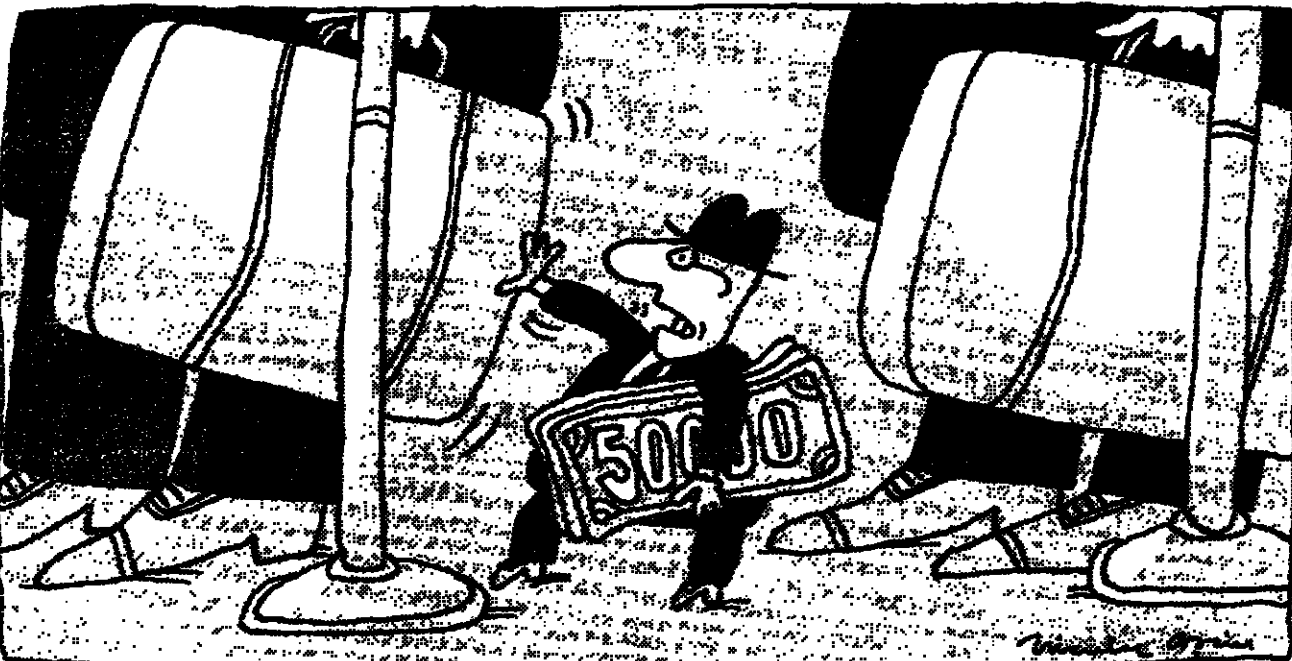
The aggressive-growth portfolio contains only two of the 15 stocks on the conservative list — Motorola and Alcatel Alsthom. His remaining choices are weighted toward high technology and health care, a pair of riskier businesses, and Japan, a riskier country.

Mr. Broby has tried to pick growth companies trading relatively cheaply. For in-

stance, DSC Communications, a U.S. maker of telephone switching equipment, offers "explosive growth at low valuations," he said. Autoliv, a Swedish maker of airbags for automobiles, is in "a growth market," and the shares carry a low valuation, he added.

For the speculative portfolio, Mr. Broby's major changes were to cut his holding in a Japanese growth fund, boost his stakes in several companies in the growth portfolio, and add a few prospective takeover targets: RJR Nabisco Holdings, the U.S. diversified food and tobacco concern; Legal & General, a U.K. insurer; Casino SA, a French food retailer; and Zeneca, a U.K. pharmaceuticals company.

So far Mr. Broby's speculative picks are off to a good start: In the few weeks since the portfolio was devised, shares in RJR and Legal & General have shot up.



\$50,000 Doesn't Buy What It Used To

By Digby Lerner

LANDING a \$50,000 windfall is the type of problem most people would be more than happy to grapple with, bringing with it as it does a wealth of spending possibilities.

But if you want to invest your cash, pausing only to cream off a few necessary expenses — maybe a last-minute vacation or an expensive meal out — your next port of call could well be a firm of private-client stock brokers. What better opportunity to try your hand at playing the stock market, building a portfolio of shares and watching your nest egg grow?

Wrong. In today's financial world, \$50,000 hardly qualifies as loose change, according to some stock brokers. "Let's be frank," said one, who preferred not to be named. "We deal with private clients, but they're the sort of people with millions to invest, not thousands. The fact is, I wouldn't know what to do with \$50,000."

The problem isn't one of snobbery but of how effectively a relatively small sum can be managed. For most managers \$50,000 would only buy a handful of shares — ten at most, according to one — and hardly enough to build a diversified portfolio free of major risks.

A second drawback is the cost. Even stock brokers who are happy to take care of smaller sums could easily run up charges that soon outrun any profits your portfolio made.

That's not to say that playing the stock market is out of the question for small private investors. Managers are unanimous in their advice: If all you have is \$50,000 you have to pool resources with other investors in order to make it worthwhile. Not only can that buy you an economy of scale usually reserved for the biggest movers in the market, it also gives you access to a much broader spread of investments — thereby reducing risk.

Apart from the obvious route

of mutual-fund investment, there are also private-client stock brokers who manage a range of model portfolios, any one of which will likely correspond to your investment needs. Your money is lumped together with that of like-minded investors and invested in a broader spread of stocks and bonds than \$50,000 alone would buy. The manager keeps you updated with any changes made to the portfolio and explains why they were done.

An advantage of this approach is that if you decide to change strategy, maybe opting for a lower risk profile, your money can easily be shifted into another portfolio.

One possible drawback, however, is that the manager has complete discretion over what to buy and sell. If you find yourself attracted to a particular stock, your manager is unlikely to be persuaded to buy it purely on your say-so.

Private portfolios invested on a grander scale are different, as they often are managed on an advisory basis. In other words, what the investor says, goes.

Mutual funds, although they solve some investment problems, create another — that of choice. With roughly 10,000 mutual funds in the U.S. market alone, deciding which to buy is every bit as complex as picking the underlying stocks themselves.

Luckily there are plenty of managers prepared to help, not all of whom charge a fortune for their services.

Having said that, even the business of choosing an adviser can be fraught with risk. Because advisers usually earn commission from buying and selling your investments, there is always a chance they may be tempted to keep moving your cash around simply to generate income for themselves and without any real concern for the performance of your portfolio.

The opposite might also be true. Advisers have been known to forget about their clients' money once it is invested, thereby missing out on opportunities to maximize re-

turns and being content to sit back and cream off an annual management charge.

For those investing in well-regulated financial centers, this risk can be eased by selecting a manager from a list of advisers registered with the local investment authority. However, this is no guarantee that the adviser you choose will handle your cash in the most efficient manner.

A further option is to subscribe to one of the huge number of mutual-fund newsletters currently being published. These provide a selection of suggested portfolios and give performance figures for how well or badly investors would have fared if they followed the editor's advice.

Sheldon Jacobs, who publishes the No-Load Fund Newsletter in New York, recommends three investment models offering various degrees of risk and reward.

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Playing it Ultra-Safe With \$10 Million

By Iain Jenkins

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Simon Phillips, director of personal financial planning at Binder Hamlyn, has the job of advising people on what to do with their lottery winnings in Britain. "Once they have given some money to the neighbor who looked after the cat when they went on holiday, most people are very conservative," he says. "Some just want to put the money in a cash deposit."

He says that while some winners don't want any financial advice and just want to spend their fortune on luxuries, most prefer to squirrel the money away in safe investments. They are scared of high risk, a characteristic they have in common with many of the super-rich around the world.

This cautious approach to investing their wealth is more logical than it seems. "They don't need to gamble," says Mr. Phillips of the \$10 million investors. "They aren't greedy or greedy."

By putting their money in cash deposits they can earn about \$400,000 a year. Some people take a high-risk approach with a small part of their fortune, but that is just for fun.

Moreover, the fortune report that whether the fortune was earned or inherited, the investment philosophy does not change. Most of the super-rich are more concerned about not losing their money than about making a huge return.

"Most of our very rich clients are cautious with their investments," says Thomas Burckhardt, head of international private banking at Deutsche Bank Zurich. "They took their risk in life to amass their fortune. They don't want to gamble it away."

Many private bankers report that the super-rich are nervous about equities and consider bonds low-risk, even though the global bond market fell 20 percent last year. In fact, historical data show that a dollar invested in U.S. equities 60 years ago would be worth \$800 today, while a dollar invested in U.S. Treasury bills would be fetch a paltry \$3 after inflation.

When it comes to strategy, those super-rich who do invest in equities tend to favor the "buy and hold" concept exemplified by super-investor Warren Buffett over the "trading" approach of, say, George Soros. Money managers say this is because wealthy investors instinctively feel they can't beat the market on timing, so they prefer to work out the asset mix that suits them and then stick to it.

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Above all, private bankers feel they must have a handle on the person's tolerance for risk. They ask a potential client questions like, "How comfortable would you be to open the paper one day and find that your investments had fallen 50 percent in value?"

Personal circumstances — age, lifestyle and so on — also play a role. Bryan Murry, executive director of Merrill Lynch International Bank, says: "The strategy for someone in early 40s who is still working would be completely different than for someone who is retired. The former is far more likely to want capital growth; the latter, income."

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but may be prepared to take large risks with 10 percent to 15 percent of their fortune. They may be in high-risk hedge funds or aggressive options strategies or emerging-market equity investments for the gambling portion of their fortune.

For the cautious person only interested in capital preservation, Merrill recommends 55 percent in bonds, 35 percent cash and 10 percent stocks. For the median income and growth portfolio they suggest 50 percent bonds, 40 percent stock and 10 percent cash. For the more daring looking for aggressive growth the mix is 80 percent stocks, 10 percent cash, 10 percent bonds.

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THE MONEY REPORT

For Investors With \$250,000, Stock-Picking Is Answer

By Conrad de Aenlle

A SK a money manager to outline a strategy for investing the respectable sum of \$250,000, and you might be surprised by the answer. "That's a terrible amount of money," exclaimed Daniel Broby, head of international research for Quilter Goodson, the private-client fund management subsidiary of Commercial Union, a large British insurance company.

Investing \$250,000 can be more difficult than investing \$50,000 or \$1 million, the amounts of two other model portfolios in this section, because it is neither a large amount of money (in investment management terms) nor a small one.

A large portfolio can be divided among a number of individual securities, providing suitable diversification, in large enough quantities that transaction costs remain relatively negligible. In the case of the smallest portfolio, achieving diversification among asset classes and geographic regions would be difficult other than through investment funds, where dealing costs are usually low and their assets are already spread around many investments.

"The cost of holding stocks internationally would be prohibitive" at the \$250,000 level, Mr. Broby said. "That would be the minimum level from which to build an international portfolio."

Then there is the task of finding someone to help make allocation decisions. There is no shortage of people, notably private bankers, willing to help the filthy rich spend their money.

Those with a more modest amount to invest have a few options: They can favor one management company with the whole stake, or they can pick an umbrella fund, in which a manager at the fund provider or else the investor himself can divvy up the money among the various subfunds.

One option that is probably not open to them, however, is the private banking route. A middle-sized portfolio is too small for most private bankers to bother with, and

while a fund company would be happy to take in a \$250,000 investment, the investor might prefer to allocate among more than one company.

Stock brokerages, especially in the United States, offer what are known as wrap accounts, in which transaction costs and management fees are wrapped into a single annual charge. They often work with clients who have \$250,000 or so to commit, but critics have complained that the charges are excessive. These have tended to fall in recent years, though.

The portfolio managers and other professional investors who were asked to create model portfolios were given a difficult job to do. Each investor's circumstances are different, they pointed out. There is no such person as the generic international investor they were trying to allocate assets for. Even narrowing the focus considerably would not be enough.

"If I were told it was for a 30-year-old woman looking for growth, I'd have to know what her prospects are, why she's investing," explained Mr. Broby, who created one batch of portfolios. "Just to come up with a portfolio as such is difficult. If it were for a middle-aged couple desperate for income, none of these portfolios are the ones I would choose."

Mr. Broby and others were asked to create portfolios for investors who fall into three types of risk profile: conservative, aggressive growth and speculative. While these investors were all categorized as having an undefined international outlook, some latitude was given to tailor the portfolios to people living in each of three parts of the world: the Americas, Europe and Asia.

Because of regional and individual differences, the construction of model portfolios amounts to an academic exercise. The inclusion of particular assets should not be taken as recommendations on any of them.

Because all investors are different, most of the portfolios have deliberately been kept vague and include broad asset classes, rather than specific securities. Another reason for this, said Graham Wainer, executive director for funds management at

Private Bank and Trust Co., is that investment performance is determined mainly by "which markets you're in as opposed to which securities you actually buy. There are those guys who specialize in securities selection and those guys who specialize in asset allocation. We focus almost entirely on the asset mix."

At his company, an account of \$250,000, the minimum amount for an actively managed portfolio, would be handled by parceling the money out to specialist fund managers, another reason not to get too detailed.

The first step creating a portfolio is to get the geographic mix right. Fund managers at Fidelity Investments designed three sets of portfolios, for American, German and Hong Kong investors, to show the regional variations. As fund companies such as Fidelity shun the idea of speculation, the portfolios carry the labels "defensive," "balanced growth" and "aggressive growth."

The portfolios for Hong Kong-based investors created by John Cheung, who is in charge of private client portfolios for HSBC Asset Management, are also heavily skewed toward equities, even at the conservative end, reflecting the greater daring displayed by Asian investors and the strong, sustained growth of their economies.

"Over the past decade, we've witnessed significant economic growth of about 10 percent per annum in most Asian countries," Mr. Cheung said. "We expect this trend to continue."

He noted that Asians like to take the do-it-yourself approach to making investment decisions. They seldom put money into funds or use portfolio managers. This active approach to investing extends to buying property and putting money into small businesses. In the portfolios he created, which allocated among broad asset classes only, he assumed that the \$250,000 would be put entirely into financial assets.

The speculative portfolio concentrates further on Asian stocks. Mr. Cheung would put half the money into Hong Kong and 35 percent into other Asian markets. He would

keep 15 percent in cash.

Mr. Wainer concocted portfolios for European investors who use the Deutsche mark as their reference currency. He figures transaction costs would run at 2 percent per year maximum.

He explained that as the risk profile changes from conservative to aggressive growth to speculative, the concentration of each portfolio moves further along a continuum from cash to bonds to equities, then to the more esoteric investments — commodities, hedge funds and so forth.

The aggressive-growth portfolio reduces exposure to bonds and increases exposure to equities.

The speculative portfolio was the most difficult, he said, because such portfolios are "very independently tailored for each client. One man's speculative investment is another man's normal stuff." It includes no bonds and plenty of exotic choices, including commodities, leveraged hedge funds and unquoted limited partnerships.

Mr. Broby targeted his portfolios, the most detailed of the lot, at international, dollar-based investors. All three are heavily weighted toward stocks, as his intention was to provide "100 percent exposure to equities with prospects for good, steady growth on an international basis" for all three risk profiles. He estimates that dealing costs would eat up 1.2 percent per year.

For all three portfolios, the biggest geographical allocation is to the United States, as would be expected, but Europe comprises a large percentage of each portfolio, too, especially the conservative one. Europe and the United States each receive 38 percent of its assets, with 14 percent placed in Japan and the rest in cash.

Why so much in Europe? To build a portfolio "on a global basis, you need Europe," Mr. Broby said. He noted, though, that the European companies he chose do business in many markets. "The companies I chose for the conservative portfolio are big international companies with big dollar exposure."

The conservative portfolio contains 15 multinational stocks, which Mr. Broby

Aggressive Growth Portfolios

Allocation of capital in aggressive growth investment portfolios of \$250,000

Quilter Goodson		Private Bank & Trust	
Equities Save and Prosper		Equities \$250,000 U.S.	
Japan Growth Fund	\$30,000	\$17,500 Britain	
Tokayama	\$20,000	\$45,000 Europe excluding Britain	
DSC Communications	\$15,000	\$30,000 Japan	
Alcatel	\$15,000	\$15,000 Asia excluding Japan	
Motorola	\$15,000	\$17,500 Emerging markets	
Sun Microsystems	\$15,000	\$16,250 DM denominated	
Autoliv	\$15,000	\$21,250 non-DM debt (but	
Pacificare	\$15,000	hedged into DM using	
Stryker	\$15,000	forward contracts)	
Royal Bank of Scotland	\$15,000	Other: \$20,000 commodities	
Continuum	\$10,000	\$15,000 managed currencies	
Intel (warrants)	\$5,000	\$15,000 in leveraged hedge funds	
Neiscape	\$5,000	\$12,500 DM deposits	
Wolfford	\$15,000		
British Airways	\$15,000		
Cash	\$35,000		

Fidelity Investments		HSBC Asset Management	
(U.S. dollar investors)		(Hong Kong investors)	
Equities \$75,000 U.S.		Equities \$75,000 Hong Kong	
\$40,000 Japan		\$62,500 Hong Kong	
\$17,500 Britain		\$62,500 S.E. Asia	
\$30,000 Europe, excluding H. Kong		\$25,000 Japan	
\$12,500 S.E. Asia		\$37,500 U.S.	
Bonds \$75,000 U.S.		\$12,500 Europe	
		\$25,000 U.S.	
		\$25,000 Europe	



\$50,000 Doesn't Buy What It Used To

By Digby Lerner

LANDING a \$50,000 windfall is the type of problem most people would be more than happy to grapple with, bringing with it as it does a wealth of spending possibilities.

But if you want to invest your cash, pausing only to cream off a few necessary expenses — maybe a last-minute vacation or an expensive meal out — you're next port of call could well be a firm of private-client stock brokers. What better opportunity to try your hand at playing the stock market, building a portfolio of shares and watching your nest egg grow?

Wrong.

In today's financial world, \$50,000 hardly qualifies as loose change, according to some stock brokers. "Let's be frank," said one, who preferred not to be named. "We deal with private clients, but they're the sort of people with millions to invest, not thousands. The fact is, I wouldn't know what to do with \$50,000."

The problem isn't one of snobbishness but of how effectively a relatively small sum can be managed. For most managers \$50,000 would only buy a handful of shares — ten at most, according to one — and hardly enough to build a diversified portfolio free of major risks.

A second drawback is the cost. Even stock brokers who are happy to take care of smaller sums could easily run up charges that soon outrun any profits your portfolio made.

That's not to say that playing the stock market for small private investors, in their advice: If all you have is \$50,000 you have to have resources with other investors in order to make it worthwhile. Not only can that buy you an economy of scale usually reserved for the biggest movers in the market, it also gives you access to a much broader spread of investments — thereby reducing risk.

Apart from the obvious route

of mutual-fund investment, there are also private-client stock brokers who manage a range of model portfolios, any one of which will likely correspond to your investment needs. Your money is lumped together with that of like-minded investors and invested in a broader spread of stocks and bonds than \$50,000 alone would buy. The manager keeps you updated with any changes made to the portfolio and explains why they were done.

An advantage of this approach is that if you decide to change strategy, maybe opting for a lower risk profile, your money can easily be shifted into another portfolio.

One possible drawback, however, is that the manager has complete discretion over what to buy and sell. If you find yourself attracted to a particular stock, your manager is unlikely to be persuaded to buy it purely on your say-so.

Private portfolios invested on a grander scale are different, as they often are managed on an advisory basis. In other words, what the investor says, goes.

Mutual funds, although they solve some investment problems, create another — that of choice. With roughly 10,000 mutual funds in the U.S. market alone, deciding which to buy is every bit as complex as picking the underlying stocks themselves.

Luckily there are plenty of managers prepared to help, not all of whom charge a fortune for their services.

Having said that, even the business of choosing an adviser can be fraught with risk. Because advisers usually earn commission from buying and selling your investments, there is always a chance they may be tempted to keep moving your cash around simply to generate income for themselves and without any real concern for the performance of your portfolio.

The opposite might also be true. Advisers have been known to forget about their clients' money once it is invested, thereby missing out on opportunities to maximize re-

turns and being content to sit back and cream off an annual management charge.

For those investing in well-regulated financial centers, this risk can be eased by selecting a manager from a list of advisers registered with the local investment authority. However, this is no guarantee that the adviser you choose will handle your cash in the most efficient manner.

A further option is to subscribe to one of the huge number of mutual-fund newsletters currently being published. These provide a selection of suggested portfolios and give performance figures for how well or badly investors would have fared if they followed the editor's advice.

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Unlike the moderately well-to-do, who cannot command the attentions of a personal investment manager, the super-rich have a choice: either work out a customized investment strategy with a private banker or broker, or park their fortune in a discretionary account and let the bank decide.

Some analysts recommend that investors with huge portfolios bank with two or three banks. That way the large investors can get comparisons of style and method from a number of different approaches.

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SPORTS

Bayern To Face Benfica

Reuters

GENEVA — Bayern Munich was picked Friday against Benfica and the Italian giant AC Milan was paired with Sparta Prague in the draw for the third round of the UEFA Cup.

Bayern, the European Cup champion from 1974 to 1976, has the home advantage for the first leg of its match with the Portuguese club, whose European Cup triumphs date from 1961 and 1962.

Benfica narrowly avoided eclipse in the second round on Tuesday when it squandered a 1-0 first-leg lead to trail 2-0 in the return match before overcoming Roda JC Kerkrade in the Netherlands with two strikes by Hassan Nader in the final five minutes.

Bayern had less trouble against Scotland's Raith Rovers but its general secretary, Karl Hopfner, was wary about its prospects against the Portuguese club. "This is a difficult draw, with Benfica playing the return match at home," he said.

Benfica's president, Gaspar Ramos, was much happier. "We wanted a big club and we got one," he said. "This is the kind of thing to get the fans interested and give us an extra push."

Sparta Prague, a 6-3 aggregate winner over Zimbru Chisinau of Moldova in the second round, travels to the daunting



Francisco González of Deportivo de la Coruña in action against Trabzonspor of Turkey in a Cup Winners' Cup match. Deportivo won to advance to the third round.

arena of the San Siro Stadium to take on AC Milan, which won the European Cup for the fifth time in 1994. (See Scoreboard)

Good Words for Seoul

FIFA, soccer's world governing body, says it has not found "a weak point" in South Korea's ability to host the first World Cup in Asia.

Winding up FIFA's four-day trip to South Korea to assess the country's readiness to host the 2002 World Cup tournament,

the delegation said it was very impressed by soccer facilities in the country.

Warning From UEFA

Soccer leaders say the game in Europe will be split in two if the European Court of Justice rules that the sport's transfer system is illegal as a result of a case brought by the Belgian player Jean-Marc Bosman.

The warning was delivered in an open letter signed by the 49 presidents of European soccer's national associations, and the letter was made public by the sport's governing body in Europe, UEFA.

Bucci Out of Action

Luca Bucci, Parma's goalkeeper, will be sidelined for about a month with a collar-bone injury he received in a Cup Winners' Cup victory over Halmstad of Sweden. Bucci is expected to miss two important Italian league matches, against Milan and Juventus.

Sampras to Meet Courier in Paris Semi

Agence France-Presse

PARIS — Pete Sampras, looking hugely confident, reached a semifinal showdown with fellow American Jim Courier at the Paris Open on Friday by overwhelming Jakob Hlasek of Switzerland, 6-2, 6-3.

Sampras, the top seed, fired 15 aces in a one-hour, 14-minute match against the unseeded Hlasek, the only player to have competed in every edition of the tournament since it was launched in 1986. Hlasek, who will be 31 later this month, was clearly feeling the effects of his

three-set victory over compatriot Marc Rosset on Thursday. Sampras, who takes over as world No. 1 from Andre Agassi on Monday and who is bidding for his first victory in the Paris Open, has beaten Courier in 13 of their 16 previous encounters.

Courier stormed past Michael Chang in straight sets to reach the semifinal against Sampras, 6-2, 7-6 (7-5). But at one stage, he led 5-2 in the second set until Chang launched a comeback.

"It's difficult to close Michael out," Courier said. "Very rarely does he let you

sneak away easily. At 5-2, I missed a few shots but fortunately I was able to pull out of it in the tiebreak."

Courier, seeded sixth and beaten in the first round of the tournament for the past two years remains well-placed to win one of the four remaining berths for the eight-player ATP Championship finals in Frankfurt later this month.

"I think I'm playing as well as I have ever played and I have a good chance for Frankfurt. In this game you have to take each match as it comes," he said.

Wayne Ferreira of South Africa, who hadn't won a match at the event in five years until this week, scored a non-nonsense 6-2, 6-4 victory over his Czech opponent, Daniel Vacek. Ferreira had been expected to play Guy Forget in the quarterfinals but the Frenchman was forced to retire with a rib injury after just seven games against Vacek.

Ferreira now will meet either Boris Becker of Germany or Richard Krajicek of the Netherlands, who were playing later Friday night.

King Takes the Stand to Deny Charges

By Richard Sandomir
New York Times Service

NEW YORK — Don King took the witness stand in his federal fraud trial to deny charges that he conspired to submit a fraudulent insurance claim for \$350,000 in training expenses for a canceled 1991 Julio César Chavez bout.

King's appearance to lead off the defense's case was a surprise and was geared to rebut accusations leveled against the flamboyant promoter last week by Joseph Maffia, a former accountant with Don King Productions.

Maffia testified that he could only find \$130,000 to \$150,000 in expenses for an insurance claim to a Lloyd's of London syndicate. He said King directed him to pad Chavez's expenses and reclassify part of a \$736,000 loan made to Chavez in

March 1991 as training expenses to fatten the claim to \$350,000.

"It is idiotic," King said Thursday. "It is inconceivable that I would sit down with Maffia and conspire and collaborate to defraud an insurance company."

"I am going to negotiate a fraud with Maffia. It is idiotic, lunacy."

The U.S. attorney has charged that King altered Chavez's \$2 million contract to fight Harold Brazier by inserting a clause providing for payment to Chavez of \$350,000 in nonrefundable training expenses recoverable from Lloyd's if the fight were canceled.

Testimony established that contract was the only one of 1,400 with that clause. The prosecution has accused King of adding the provision after Chavez's injury and submitting the altered contract with an insurance claim.

But King denied the alleged fraud and denied ever seeing the typed-in rider in the \$2 million contract until the government's investigation began. He also denied having seen or signed the \$2 million contract. He said that he signed the \$1.5 million contract and that after continuous haggling with Chavez, verbally agreed to pay the fighter \$500,000 more.

Chavez testified last month that he had never seen or signed a \$2 million contract and had never received \$350,000 in training expenses from King. King paid him training expenses of \$80,000.

The promoter appeared to be setting the stage to blame Maffia, or someone else, for the fraud. King said he told Maffia that he had agreed to pay Chavez \$2 million to fight Brazier so that the accountant could proceed with proper bookkeeping of the fight.

SIDELINES

Move Reported in Works for Browns

BALTIMORE (AP) — Baltimore could once again become a National Football League city.

The Sun reported in Friday's editions that the Cleveland Browns and Maryland state officials are believed to have signed the outline of a deal that would have them move to Baltimore in time for the 1996 season.

Mayor Kurt L. Schmoke refused to be optimistic. Baltimore has lobbied heavily several times for an NFL team since the Colts left for Indianapolis in 1984. "I don't want to put our community on the emotional roller coaster again about the NFL," Schmoke said.

Wanted Again: A Home for the Jets

MINNEAPOLIS (AP) — The Winnipeg Jets, once seemingly headed for Minneapolis, must look for another home. Richard Burke, the business executive intent on relocating the Jets to Minnesota, was told by local officials that there was too little time to put together the financing package he said he needed.

Decision on Strawberry Postponed

NEW YORK (AP) — The New York Yankees and Darryl Strawberry have agreed to a 30-day extension on the team's decision whether to exercise its \$1.8 million option. The Yankees could have bought his contract for \$175,000 or offered salary arbitration. Strawberry, coming off a drug suspension, hit .276 with three homers and 13 RBIs in 87 at-bats.

For the Record

Craig Parry of Australia shot a course record 65 on Friday to take the outright lead on the second day of the Alfred Dunhill Masters golf tournament in Jakarta.

The San Francisco 49ers and the team's chief financial officer, Keith Simon, have been fined \$60,000 for a money-laundering scheme that was designed to get around San Francisco's campaign contribution limits.

SCOREBOARD

HOCKEY

NHL Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	T	Pts	GF	GA
Philadelphia	7	2	3	17	44	22
Pittsburgh	8	4	0	16	36	25
Washington	8	3	0	16	36	25
N.Y. Rangers	7	4	1	15	43	35
New Jersey	6	4	1	13	34	25
Tampa Bay	2	5	4	8	27	43
N.Y. Islanders	2	6	2	6	29	43

Northeast Division

	W	L	T	Pts	GF	GA
Ottawa	6	5	0	12	34	35
Montreal	5	2	2	12	26	29
Pittsburgh	4	5	1	9	20	30
Hartford	4	7	0	8	29	35
Boston	3	6	2	8	21	43

WESTERN CONFERENCE

Central Division

	W	L	T	Pts	GF	GA
Chicago	6	5	2	14	44	42
St. Louis	6	5	2	14	44	42
Winnipeg	6	5	2	14	44	42
Dallas	5	4	3	13	40	38
San Jose	5	4	3	13	38	36

Pacific Division

	W	L	T	Pts	GF	GA
Colorado	8	3	1	17	43	31
Los Angeles	5	2	4	14	42	33
Vancouver	5	4	3	13	41	35
Edmonton	4	5	2	10	28	43
Anchorage	4	5	1	9	25	38
Calgary	1	8	3	5	25	40
San Jose	0	7	4	4	24	50

THURSDAY'S RESULTS

Hockey

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

First Period: O-Alfredson 2 (Drury, Hill).

Second Period: O-Shelton 3 (Alfredson) 3.

O-Alfredson 3 (Shelton, Drury), Third Period: O-Alfredson 4 (Hillman, McCleary), 5-O-Shelton 3.

Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

Florida

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

First Period: Philadelphia 6 (Hough, Mottuski), Second Period: Philadelphia 1 (Hough, Murphy), 3-Pittsburgh 1 (Fedyuk), Third Period: Philadelphia 4 (Hough, Mottuski), 5-Pittsburgh 3.

Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

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San Jose	1	1	0	2	1	1

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St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

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Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

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Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

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Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

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Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

Florida

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

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Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

Florida

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

First Period: Philadelphia 6 (Hough, Mottuski), Second Period: Philadelphia 1 (Hough, Murphy), 3-Pittsburgh 1 (Fedyuk), Third Period: Philadelphia 4 (Hough, Mottuski), 5-Pittsburgh 3.

Shelton on goal: O-9-11-10-30. H-21-13-41.

Goalies: O-Bourque, H-Burke.

Florida

First Period: B-Bourque 5 (McEachern, Ells).

Second Period: D-Coffey 2 (Larson), 4-B-Lach 2 (Ells, McEachern), 5-B-Helke 5 (Reid, Mayer), 6-B-Danila 3 (Zamboni), 7-B-Raid 4 (McEachern) (S), 8-D-Dandeneau 1 (Carmen, Lidstrom) (op), 9-D-Sewer 2 (Fedorov, Larsson), 10-D-McCorty 4 (Johnson), Third Period: None, Overtime: 11-D-Yeoman 3 (Coffey, Enyri), Shots on goal: 6-19-54-34, 12-10-12-34, Goalies: D-Osgood, B-Lacher.

New Jersey

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

First Period: N.J.-P-Sykora 2 (Anello, Quinn) (op), 2-N.J.-David 3 (Sheaves, MacLennan), 3-S.J.-Sheppard 6 (Priesen), Second Period: S.J.-Kroppa 1 (Lanney, Priesen) 4-7, Third Period: N.J.-Guerrin 2 (Thomas, Stevens), 4-S.J.-Miller 3 (Whitney, Sheppard), Overtime: None, Shots on goal: N.J.-15-6-11-4-38, S.J.-10-11-31-35.

Goalies: N.J.-Brodeur, S.J.-Irbie.

N.Y. Rangers

	W	L	T	Pts	GF	GA
Philadelphia	1	1	0	2	1	1
St. Louis	1	1	0	2	1	1
Winnipeg	1	1	0	2	1	1
Dallas	1	1	0	2	1	1
San Jose	1	1	0	2	1	1

First Period: L.A.-Lacosta 1 (Todd), 2-New York, Second Period: L.A.-Lacosta 2 (Troche, Perreault), Third Period: New York, Goals: (Verbeek, Hestler) 2-1, S.L.A.-Gretsky 3 (op), 4-L.A.-Conacher 2 (Gretsky), 7-New York, Kovalev 4 (Robitaille), 4-L.A.-Kurt 4 (Conacher, Todd) (en), Shots on goal: New York 22-14-13-49, L.A.-4-8-7-19, Goalies: New York, Richter, L.A.-Dufes.

GERMAN CUP

	W	L	T	Pts	GF	GA
Sweden 5, Finland 4						
Canada 1, Switzerland 1						

FOOTBALL

MAJOR COLLEGE SCORE

South

Virginia 33, Florida 31-38.

SOCC

Michael Jordan II: A Mix of Old Skills And New Attitude

By Richard Justice
Washington Post Service

CHICAGO — When Michael Jordan returned to the National Basketball Association last spring after almost 18 months away, his challenge was not just in adjusting from baseball back to basketball or getting into shape while trying to fit into a team struggling to make the playoffs.

Michael Jordan knew he could do those things. What he couldn't know was the answer to perhaps the hardest question of all: Could he still be Michael Jordan?

It would seem that he can. After a grueling summer of conditioning and playing, he showed up at training camp in perhaps the best shape of his career and ready to lead an overhauled Chicago Bulls team that seems poised for another championship run.

If others may wonder about a 32-year-old Michael Jordan, few people around the Bulls doubt he can still do wondrous things.

"I'm pretty sure I'm still Michael Jordan," he said.

If that's true, Chicago may be the team to beat when the NBA opens its season Friday night with a 14-game slate that includes the debuts of expansion franchises Toronto and Vancouver. The Washington Bulls open their season in Philadelphia against the 76ers before returning home Saturday night to meet the Detroit Pistons. Besides the two Canadian cities, new arenas are opening in Boston (FleetCenter) and Seattle (Key Arena).

The Houston Rockets were the surprise winners of the past two NBA championships, picking up the mantle from Chicago, which had won the previous three. Besides Jordan, the Bulls have all-star forward Scottie Pippen and added Dennis Rodman, who led the NBA in rebounding the past four seasons.

But for the 1995-1996 Bulls to re-establish themselves in the title hierarchy, Jordan has to be the Jordan of a few years ago.

Whether that can happen remains to be seen. While the Bulls did win 13 of 17 following Jordan's return, making the playoffs and eliminating Charlotte before losing to Orlando in the Eastern Conference semifinals, they were not the efficient machine they'd been in the past.

And Jordan was not the same silky scorer. He struggled with his jump shot and his ballhandling. He turned the ball over at the end of one playoff game and passed up a big shot at the end of another.

"I don't think he was like the old Michael," Indiana Coach Larry Brown said. "But there were reasons for that. He came back when his team had already played 60 games and guys were in great basketball shape. He wasn't in that type of condition. He got heavier for baseball, and really it was remarkable that he was able to play as well as he did. I know for a fact that he worked hard this summer and he'll have the benefit of training camp."

Yet for any other player, the numbers — 26.9 points per game — would have looked phenomenal.

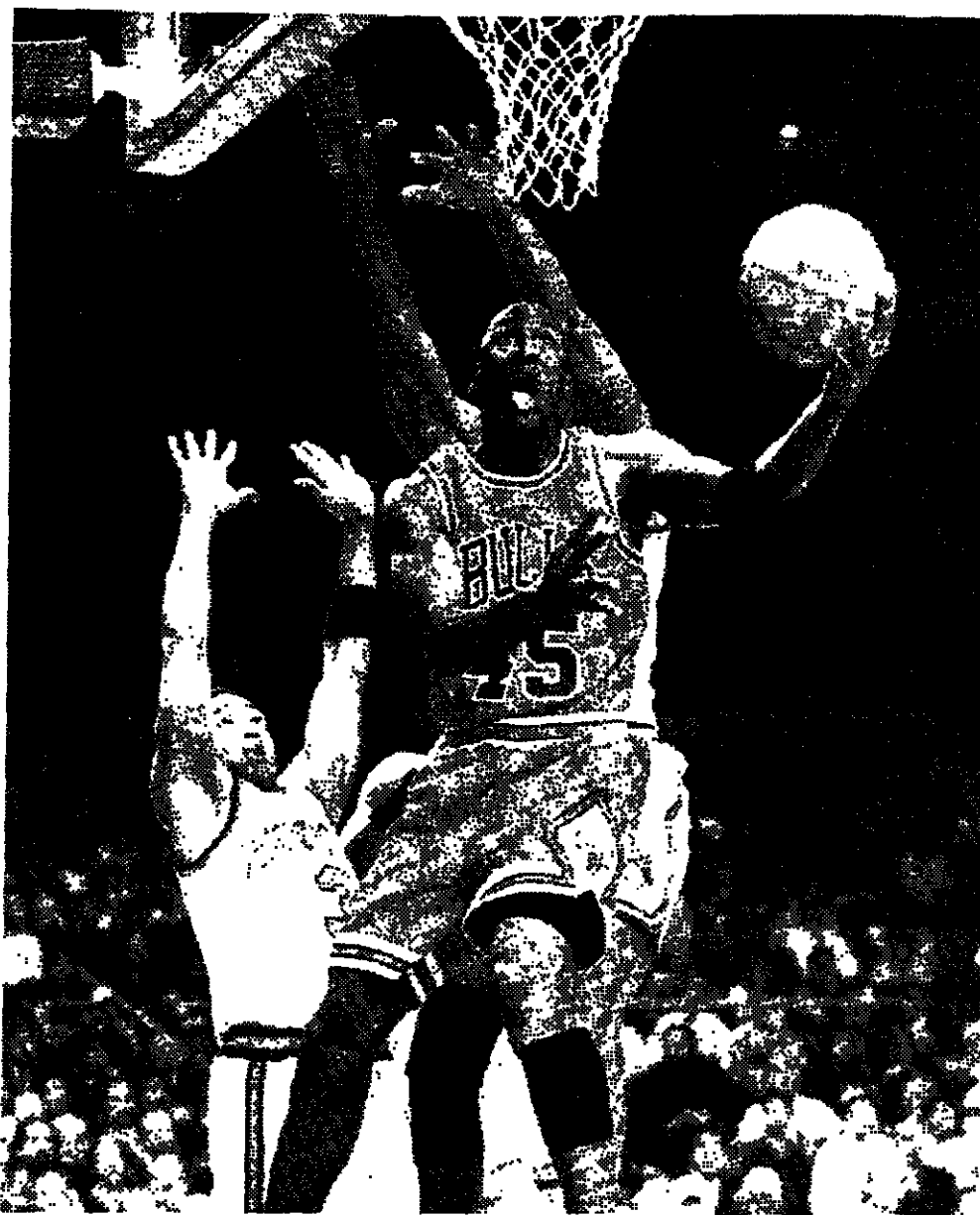
Now as Jordan returns for his 11th season, the questions he faces are simple: How good can he be? Will the Bulls see him at his best, night in and night out? Can he regain the magic?

Before a recent Chicago exhibition game, Jordan relaxed in front of his locker. He was up-beat and open, full of confidence both in himself and his team. Gone were the tensions of last spring, when at times he seemed unsure of himself and ducked reporters for long stretches.

He seems genuinely thrilled to be back and, after a summer of what associates say was serious work on his game, he seems confident that he'll show the league that little has changed.

"I feel very excited," Jordan said. "Eighteen months away refreshed my love for the game and I'm anxious to get started. The tendency with me is to get impatient and that's been the biggest challenge."

He's part of a team that has a lot of people excited. With Pip-



Jeff Christensen/Reuters

Facing the hardest question of them all: Can he still be Michael Jordan?

pen, Rodman, Toni Kukoc, Steve Kerr, rookie Jason Caffey and Jordan, the Bulls have as impressive a collection of talent as anyone.

Coach Phil Jackson "is going to have a lot of fun with this team," Jordan said. "It can be a very exciting season. From a defensive standpoint, we're going to put a lot of pressure on you."

It's not a typical team, but the game is not two guards, two forwards and a center anymore.

That changed with Magic (Johnson) and Larry (Bird). They didn't really have positions, and when their teams won championships, it kind of changed everyone's thinking about what roles you could have on the court.

"We can go very small with

Pippen, [Ron] Harper, Kukoc and myself. That's a heck of a fast break and people maybe don't realize how well Rodman gets up and down the court. He might run the court better than any of us."

Ah, Rodman. Has the NBA ever had a stranger marriage, the ultimate antistatue sports hero paired with the guy who collects an estimated \$30 million a year in endorsement earnings?

"When I heard he was coming, I said, 'That's great, we've solved a problem. But have we created other problems?'" Jordan said.

"Phil said he felt comfortable Dennis would be a good fit, and if he does, so do I. We're not asking him to change who

he is. Obviously, he's got his own image and thoughts of himself. That's fine."

Jordan also has his own image and thoughts of himself. His return could have stepped on the egos of a lot of people — including Jackson, who worked hard to redefine the Bulls into a balanced passing team while Jordan was away.

In Jordan II, Jackson would like to give Michael the freedom to show his offensive skills and still anchor the team without excluding anyone else.

"He knows what's important to the team," Jackson said. "Does he have a big ego? Sure he does. But he's also more mature and I think if the team does well, he'll take his satisfaction from that."

Chiefs vs. the Redskins? You Can Bet on Kansas City Patriots-Jets: New York Will Disintegrate

By Timothy W. Smith
New York Times Service

Redskins (3-6) at Chiefs (7-1): Key stats: The Chiefs have the fewest turnovers in the AFC with eight. The Redskins' defense has the worst third-down conversion percentage in the league (48.7 percent).

Comment: The Chiefs are off to their best start since 1969 — their Super Bowl season. Steve Bono is making believers out of quite a few people, and most are on the defenses he has faced. He has already thrown 15 touchdowns at the midway point of the season. The Redskins have not won at Arrowhead Stadium (0-2).

Patriots (2-6) at Jets (2-7): Key stats: The Jets have committed more turnovers (27) than any team in the league. New England's Drew Bledsoe has attempted more passes (366) than any quarterback in the league, but has thrown just three touchdowns.

Comment: Both teams have now lost to expansion clubs and have hit their own rock bottom. The Patriots pass and pass, but it doesn't get them anywhere. The Jets are on an even more miserable treadmill. New England doesn't have to do much but stand back and watch the Jets disintegrate.

Oilers (3-5) at Browns (4-4): Key stats: Oilers Marion Butts has converted 90 percent of his third-down run opportunities (9 of 10) to lead the

Giants (3-5) at Seahawks (2-6): Key stats: Seattle quarterbacks have thrown 16 interceptions — the most in the NFL. Giants quarterback Dave Brown is the lowest-rated passer on third-down situations in the NFC (43.1).

Comment: Brown left the Redskins game with a sore and swollen knee. That could have some effect on his performance against the Seahawks. Both teams have terrible passing attacks, although the Seahawks seem to be more hapless. And both have accomplished running backs who can power forward for yards.

Steelers (4-4) at Bears (5-2): Key stats: The Bears' offensive line has given up an NFL-low four sacks. The Steelers' defense has 24 sacks — the fourth best in the AFC.

Comment: The Steelers shuffled their defense last week for Jacksonville, and it yielded some dividends. Camell Lake shifted from strong safety to left cornerback, and Brenton Bruckner went from defensive end to nose tackle. Jacksonville doesn't have the offensive explosiveness of the Bears.

Raiders (6-2) at Bengals (3-5): Key stats: Oakland's defense has given up touchdowns just 24 percent of the time opponents get inside the 20-yard line — the best mark in the AFC. The Bengals' offense has a 59.1 percent touchdown conversion rate inside opponents' 20.

Comment: Two high-powered passing games guided by two quarterbacks who aren't afraid to air it out. Jeff Hostetler returns to action after missing a game with an injured larynx. The Bengals have had to shuffle their offensive line with veteran center Bruce Kozerski out for six to eight weeks with an ankle injury. It could mean trouble to a quarterback not as mobile as Jeff Blake.

Panthers (3-5) at 49ers (5-3): Key stats: The Panthers have had three interceptions returned for touchdowns, tying them with the Jets and Redskins for the most in the league. The 49ers defense has given up just three touchdowns inside the red zone — the fewest in the NFL.

Comment: The Panthers have won three straight and enter this game with more confidence about their chances than they had at the beginning of the season. With the 49ers as banged up as they are, anything is possible. But Carolina will have to get another 300 yard passing game from rookie quarterback Kerry Collins, then completely shut down the 49ers' offense.

Cardinals (3-5) at Broncos (4-4): Key stats: The Cardinals have scored just 134 points, tying Tampa Bay with the third lowest total in the league. The Broncos' defense has given up 10 rushing touchdowns — the most in the NFL.

Comment: The Cardinals beat Seattle in overtime last week on Lorenzo Lynch's 75-yard interception return for a touchdown. They'll need as much luck this week against the Broncos, because Denver's defense is beginning to come on. They've come up with twice as many sacks (10) in the last four games as they did in the first four.

Dolphins (5-3) at Chargers (4-4): Key stats: Miami's defense has given up just one rushing touchdown and 14 passing touchdowns. Natrone Means has a career average of 6.1 yards per carry against the Dolphins.

Comment: Dan Marino returned from a knee injury last week to help the Dolphins snap a two-game losing streak. He faces the team that derailed the Dolphins' Super Bowl plans last season. And the Dolphins have not won in San Diego (0-4) since 1984. Marino has two 300-yard passing games against the Chargers, but Miami's chances will hinge on whether the defense can keep Means in check.

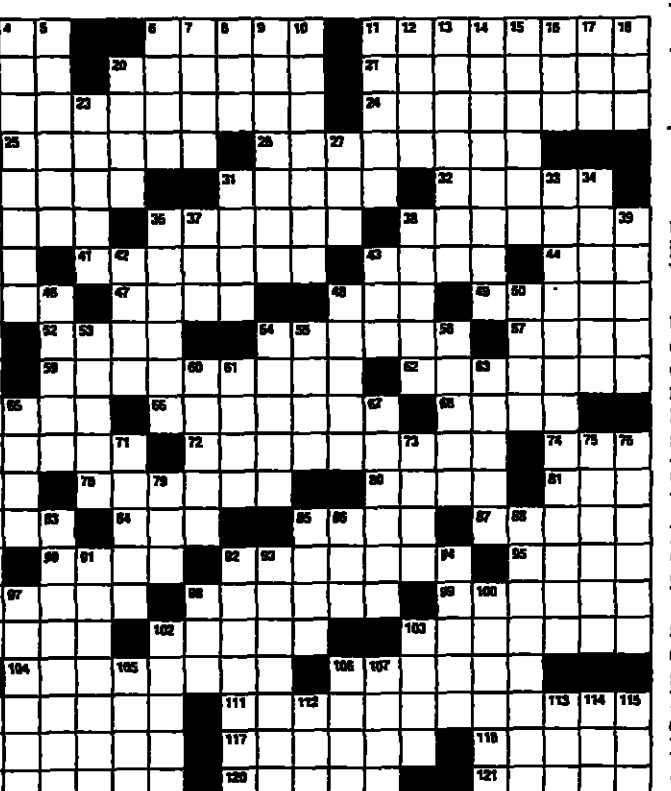
Eagles (5-3) at Cowboys (7-1): Key stats: During their four-game winning streak, the Eagles defense has 18 sacks and seven interceptions. Troy Aikman is averaging 8.11 yards per pass play — the best in the NFL.

Comment: Rodney Peete has been at the center of the Eagles' remarkable turnaround. He's 4-0 as the Eagles' starter. Peete was the backup in Dallas last season and should be very familiar with what to do defensively. That doesn't mean he can stop it. Dallas is playing better than any team in the league right now in every phase of the game.

VANITY FARE By Dean Niles

- ACROSS
- 1 Rod with a but
 - 6 Switchblades
 - 11 It's not wanted
 - 18 English architect
 - 20 "Civilians" star
 - 21 Silverstone
 - 21 #1 Helen Reddy hit
 - 22 Classic Whitman poem
 - 24 Fourth-century pope
 - 25 Franklin Mint ware
 - 26 Bulldozer, in Brighton
 - 28 Burge
 - 31 Manhandled
 - 32 Bull, of a sort
 - 33 Hydrosphere components
 - 36 It's catching
 - 38 Seattle hit
 - 40 Supermarket check
 - 41 Process of mountain formation
 - 43 Scottish Gaelic

- 44 "I didn't know that!"
- 45 Fifty past
- 47 1965 song "Fifty Million Times"
- 48 Crimson rival
- 49 Mitchell's wife
- 51 — (Koolhaas) Byrnes
- 52 New London-based org.
- 54 Former First Family
- 57 Chick
- 58 Eagle, e.g.
- 59 George Meredith novel
- 62 Some martinis
- 64 Film character with the voice of Frank Oz
- 66 Upkeep
- 68 Kind of hand, in euche
- 69 Confers
- 72 "Hannah and Her Sisters" star
- 74 Campers
- 77 Curriculum range



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2 Hit It Big In Baseball Auctions

The Associated Press

NEW YORK — The downturn in baseball revenue didn't hurt Dante Bichette and Todd Worrell.

They became the first players this off-season to get big-money deals. Bichette and the Colorado Rockies have agreed to a three-year contract worth about \$11 million. Worrell was guaranteed \$4.4 million in his one-year deal with the Los Angeles Dodgers.

The average annual value of Bichette's contract will be more than \$3.6 million, up from his \$3.1 million base this year. He was eligible to file for free agency, and his new deal includes about \$1 million per season in performance bonuses. Bichette hit .340 last season, drove in 128 runs and led the league with 40 homers and a .620 slugging percentage.

Worrell, coming off a \$9.5 million, three-year contract, gets \$4 million next season. The Dodgers have a 1997 option at \$3.75 million and must pay a \$400,000 buyout if they don't exercise it.

Colorado also agreed to a two-year contract with reliever Darren Holmes. And Cleveland agreed to a two-year contract with reliever Paul Assenmacher that's worth about \$1.7 million. The Indians have an option for 1998 at about \$850,000 with a \$50,000 buyout.

Cleveland did not exercise 1996 options on first baseman Paul Sorrento and pitcher Mark Clark, making them eligible for salary arbitration. Sorrento's option was for \$1.5 million; Clark's was for \$1.4 million.

Texas decided not to exercise its \$2.6 million option on outfielder Otis Nixon, instead giving him a \$350,000 buyout and making him eligible for free agency.

Oakland offered reliever Todd Stottlemyre salary arbitration, preventing him from becoming eligible for free agency. Stottlemyre was among the group covered by the restriction against repeat free agency in a five-year span.

Slumping Devils Start to Share The Sharks' Diet of Bitterness

The Associated Press

The San Jose Sharks haven't won a game this season, and the New Jersey Devils are beginning to know how they feel.

The defending Stanley Cup champions are 0-3-1 in their last four games after starting the season 6-1-0. What's worse, they had a great chance to break their winless streak Thursday but gave up a goal with eight seconds left in regulation and settled for a 3-3 tie with San Jose.

How they let the Sharks tie them was frustrating. The Devils were on a power play when goaltender Martin Brodeur was called for using an illegal stick.

That negated the man advantage, and then the Sharks pulled their goaltender for an extra attacker. Result: a goal by Kevin Miller.

"We got a lucky break on that stick call and our guys came through," San Jose defenseman Jayson More said. "We're not happy with the tie, but we were fortunate to get it. We'll try to build on this, carry it over to the next game and get two points."

Despite the moral victory, the Sharks (0-7-4) remained the only winless team in the NHL. Sharks coach Kevin Constantine set the stage for the

dramatic finish when he requested a measurement of Brodeur's stick, risking a delaying penalty if the stick met specifications.

The Sharks pulled goalie Arturs Irbe in the final 30 seconds

of regulation and rushed the net, with Miller knocking the puck in on a pass across the crease from Ray Whitney.

Brodeur said he used fellow goalie Chris Terreri's stick after his was found to have too wide of a blade.

"I tried to keep my poise after the penalty and not think about my stick," he said. "I used Terreri's stick after that because I didn't want to risk another penalty with mine."

Bill Guerin's 35-foot slap shot with 4:54 remaining in regulation had put visiting New Jersey on top, 3-2.

Kings 5, Rangers 3: Wayne Gretzky scored the tie-breaking goal off a faceoff with 7:34 left in the third period, and Eric Lacroix scored his first two goals of the season as Los Angeles beat visiting New York.

The Kings snapped a five-game losing streak to the Rangers despite being outshot, 49-19. The key to the victory was the goaltending of rookie

Byron Delee, who got an opportunity to play regularly with the Kings because a sprained left ankle has kept Kelly Hrudey out since the start of training camp.

"We were fortunate that Byron was in our net," Gretzky said.

Red Wings 6, Bruins 5: Steve Yzerman, who missed a penalty shot in the first period, scored on his own rebound 1:50 into overtime as Detroit over-

came a three-goal deficit to beat Boston at the FleetCenter.

Yzerman's 15-foot backhand was stopped by goalie Blaine Lacher. But Yzerman followed up with a forehand that slipped between the left post and Blaine Lacher's right arm for his fifth goal of the season.

Panthers 2, Flyers 1: John Vanbiesbroeck made 21 saves behind a tight Florida defense and Mike Hough had two assists as the Panthers won in Philadelphia.

The loss was the first at home this season for the Flyers (4-1-1).

Senators 5, Whalers 0: Ottawa rookie forward Daniel Alfredsson had his first NHL hat-trick and Don Beaupre stopped 41 shots for his 17th career shutout as the Senators won in Hartford.

The finest in the sky.



DOWN

- 1 Successor to the U.S.S.R.
- 2 "It's — win situation"
- 3 — Tin Tin
- 4 Shade of purple
- 5 Providing warmth, perhaps
- 6 Roy Rogers a.k.a. Leonard
- 7 Boo follower
- 8 Protection money, in slang
- 9 Heavy
- 10 A.A.P.
- 11 Had something the matter
- 12 Finalize, with "down"
- 13 Strollers
- 14 More outdoorsy, as fashion
- 15 Abominable
- 16 Longtime record label
- 17 When repeated, a Karyn revolutionary
- 18 Years, in Thiers
- 20 Lbs. and qts., e.g.
- 23 1980 Dom DeLuise film

- 27 Check for accuracy
- 28 Traveler's stop
- 29 Give in
- 30 Old Ted Lewis standard
- 31 Game in the woods?
- 32 Descartes axiom
- 33 Walks oddly
- 34 Registers, as a complaint
- 37 — Khan
- 38 Get, pricewise
- 39 Verges on
- 42 Heat
- 43 "Telephone Line" rock grp.
- 46 Top
- 48 Newby's special
- 50 Club. Abbr.
- 53 Early woodwind
- 54 Almost catch, as the heels
- 55 "Time — the essence"
- 56 Outbuildings
- 60 Forrest's folks
- 61 Ron Howard TV role
- 63 Honor, in a way

- 65 Suffice with psych
- 67 City in northern Italy
- 68 1991 Disney prince
- 70 Acts pushy
- 71 Cubic
- 73 Scurry name?
- 75 Carry-on item
- 76 Ripped
- 79 Mathematical constants
- 83 Devotee
- 85 Comedienne
- 86 70's teaching
- 88 With an empty expression
- 91 Unsurpassed
- 92 Cows and sows
- 93 Opposite of send pecking
- 94 Pool shot
- 97 Punishing rod. Ver.
- 98 Hatfield or Conns, e.g. Abbr.
- 100 On the A-list

Solution to Puzzle of Oct. 28-29

